



HEALTH ANNUAL STATEMENT
AS OF DECEMBER 31, 2017
OF THE CONDITION AND AFFAIRS OF THE
Aetna Health Inc. (a Maine corporation)

NAIC Group Code 0001 0001 NAIC Company Code 95517 Employer's ID Number 01-0504252
(Current) (Prior)
Organized under the Laws of Maine State of Domicile or Port of Entry ME
Country of Domicile United States of America
Licensed as business type: Health Maintenance Organization
Is HMO Federally Qualified? Yes [] No [X]
Incorporated/Organized 10/03/1995 Commenced Business 04/10/1996
Statutory Home Office 175 Running Hill Road, Suite 301 South Portland, ME, US 04108-3220
(Street and Number) (City or Town, State, Country and Zip Code)
Main Administrative Office 1425 Union Meeting Road
(Street and Number)
Blue Bell, PA, US 19422 800-872-3862
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Mail Address 1425 Union Meeting Road, U23S Blue Bell, PA, US 19422
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)
Primary Location of Books and Records 1425 Union Meeting Road
(Street and Number)
Blue Bell, PA, US 19422 800-872-3862
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Internet Website Address www.aetna.com
Statutory Statement Contact Steven Matthew Conte 215-775-6508
(Name) (Area Code) (Telephone Number)
Aetna.HMOReporting@aetna.com 860-262-7767
(E-mail Address) (FAX Number)

OFFICERS

President Mark Costa Santos Vice President and Treasurer John Patrick Maroney #
Vice President and Secretary Edward Chung-I Lee


OTHER

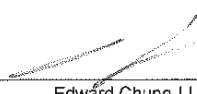
Kevin James Casey, Senior Investment Officer Steven Matthew Conte, Assistant Controller Gregory Stephen Martino, Vice President

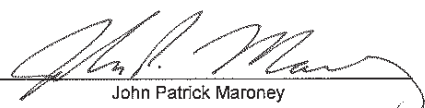
DIRECTORS OR TRUSTEES

Gilbert Edward Keegan Louise Alta McCleery # Mark Costa Santos

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.


Mark Costa Santos
President

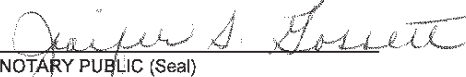

Edward Chung-I Lee
Vice President and Secretary

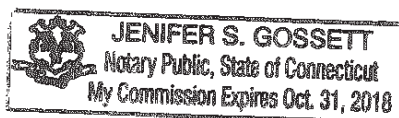

John Patrick Maroney
Vice President and Treasurer

State of..... Connecticut
County of..... Hartford

Subscribed and sworn to before me this

1st day of February, 2018

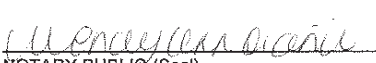

NOTARY PUBLIC (Seal)

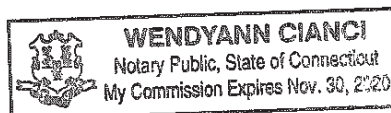


State of..... Connecticut
County of..... Hartford

Subscribed and sworn to before me this

22 day of November, 2018

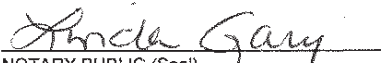

NOTARY PUBLIC (Seal)



State of..... Connecticut
County of..... Hartford

Subscribed and sworn to before me this

14 day of February, 2018


NOTARY PUBLIC (Seal)



- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached.....

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	24,939,445	0	24,939,445	20,720,584
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$0 , Schedule E - Part 1), cash equivalents (\$18,485 , Schedule E - Part 2) and short-term investments (\$0 , Schedule DA)	18,485	0	18,485	3,614,160
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	0
9. Receivables for securities	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	24,957,930	0	24,957,930	24,334,744
13. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	102,837	0	102,837	83,899
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,214,874	24,710	2,190,164	1,508,754
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums (\$491,055) and contracts subject to redetermination (\$11,622)	502,677	0	502,677	220,777
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	15,734	0	15,734	29,634
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	117,883	0	117,883	13,464
18.1 Current federal and foreign income tax recoverable and interest thereon	380,345	0	380,345	619,310
18.2 Net deferred tax asset	92,581	0	92,581	193,290
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$267,843) and other amounts receivable	267,843	0	267,843	285,581
25. Aggregate write-ins for other than invested assets	233,184	0	233,184	358,505
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	28,885,888	24,710	28,861,178	27,647,958
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	28,885,888	24,710	28,861,178	27,647,958
DETAILS OF WRITE-INS				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Current State Income Tax Receivable	233,184	0	233,184	280,491
2502. Pharmacy Manufacturer's Discount Receivable	0	0	0	78,014
2503.	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	233,184	0	233,184	358,505

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$38,137 reinsurance ceded)	5,732,960	247,537	5,980,497	6,419,320
2. Accrued medical incentive pool and bonus amounts	1,945,005	0	1,945,005	2,026,551
3. Unpaid claims adjustment expenses	88,616	0	88,616	104,653
4. Aggregate health policy reserves, including the liability of \$1,238,316 for medical loss ratio rebate per the Public Health Service Act	2,182,405	0	2,182,405	1,211,699
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserves	0	0	0	0
7. Aggregate health claim reserves	39,111	0	39,111	30,242
8. Premiums received in advance	26,921	0	26,921	25,061
9. General expenses due or accrued	26,761	0	26,761	60,888
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized capital gains (losses))	0	0	0	0
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	0	0	0	0
12. Amounts withheld or retained for the account of others	0	0	0	0
13. Remittances and items not allocated	0	0	0	0
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	677,428	0	677,428	1,378,047
16. Derivatives	0	0	0	0
17. Payable for securities	0	0	0	0
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with \$0 authorized reinsurers, \$48,534 unauthorized reinsurers and \$0 certified reinsurers)	48,534	0	48,534	29,373
20. Reinsurance in unauthorized and certified (\$0) companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	298,744	0	298,744	839,302
23. Aggregate write-ins for other liabilities (including \$0 current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	11,066,485	247,537	11,314,022	12,125,136
25. Aggregate write-ins for special surplus funds	XXX	XXX	1,564,000	0
26. Common capital stock	XXX	XXX	1,000,000	1,000,000
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	8,700,000	8,700,000
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	6,283,156	5,822,822
32. Less treasury stock, at cost: 32.1 .....0 shares common (value included in Line 26 \$0)	XXX	XXX	0	0
32.2 .....0 shares preferred (value included in Line 27 \$0)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	17,547,156	15,522,822
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	28,861,178	27,647,958
DETAILS OF WRITE-INS				
2301.	0	0	0	0
2302.	0	0	0	0
2303.	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0
2501. Estimated Health Insurer Fee	XXX	XXX	1,564,000	0
2502.	XXX	XXX	0	0
2503.	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	1,564,000	0
3001.	XXX	XXX	0	0
3002.	XXX	XXX	0	0
3003.	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	133,929	133,033
2. Net premium income (including \$0 non-health premium income)	XXX	79,027,743	75,287,314
3. Change in unearned premium reserves and reserve for rate credits	XXX	(1,221,117)	(6,257)
4. Fee-for-service (net of \$0 medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	77,806,626	75,281,057
Hospital and Medical:			
9. Hospital/medical benefits	1,279,339	46,450,140	48,162,464
10. Other professional services	0	0	0
11. Outside referrals	1,106,074	1,106,074	892,611
12. Emergency room and out-of-area	157,924	3,158,478	2,736,053
13. Prescription drugs	245,283	10,338,525	9,737,797
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts	0	621,721	1,865,840
16. Subtotal (Lines 9 to 15)	2,788,620	61,674,938	63,394,765
Less:			
17. Net reinsurance recoveries	0	274,148	373,769
18. Total hospital and medical (Lines 16 minus 17)	2,788,620	61,400,790	63,020,996
19. Non-health claims (net)	0	0	0
20. Claims adjustment expenses, including \$1,114,132 cost containment expenses	0	1,308,288	1,237,316
21. General administrative expenses	0	9,311,687	8,985,473
22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only)	0	0	(660,961)
23. Total underwriting deductions (Lines 18 through 22).....	2,788,620	72,020,765	72,582,824
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,785,861	2,698,233
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	589,771	538,786
26. Net realized capital gains (losses) less capital gains tax of \$885	0	13,789	12,139
27. Net investment gains (losses) (Lines 25 plus 26)	0	603,560	550,925
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$0)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	6,389,421	3,249,158
31. Federal and foreign income taxes incurred	XXX	1,800,566	746,394
32. Net income (loss) (Lines 30 minus 31)	XXX	4,588,855	2,502,764
DETAILS OF WRITE-INS			
0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX	0	0
0702.	XXX	0	0
0703.	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.	0	0	0
2902.	0	0	0
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	15,522,822	12,651,490
34. Net income or (loss) from Line 32	4,588,855	2,502,764
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	0	0
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	(115,623)	(393,644)
39. Change in nonadmitted assets	1,102	(12,306)
40. Change in unauthorized and certified reinsurance	0	573
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	(2,450,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	0	773,945
48. Net change in capital and surplus (Lines 34 to 47)	2,024,334	2,871,332
49. Capital and surplus end of reporting period (Line 33 plus 48)	17,547,156	15,522,822
DETAILS OF WRITE-INS		
4701. Correction of Prior Period Net Premium Income	0	1,190,685
4702. Correction of Prior Period Federal Income Taxes Incurred	0	(416,740)
4703.	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	773,945

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	77,802,070	77,457,594
2. Net investment income	463,172	488,409
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	78,265,242	77,946,003
5. Benefit and loss related payments	61,880,652	62,997,715
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	11,189,795	9,952,356
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	1,562,486	743,877
10. Total (Lines 5 through 9)	74,632,933	73,693,948
11. Net cash from operations (Line 4 minus Line 10)	3,632,309	4,252,055
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,397,018	5,646,085
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(49)	(10)
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,396,969	5,646,075
13. Cost of investments acquired (long-term only):		
13.1 Bonds	6,493,495	7,481,348
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,493,495	7,481,348
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,096,526)	(1,835,273)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	2,450,000	0
16.6 Other cash provided (applied)	(681,458)	(1,201,239)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,131,458)	(1,201,239)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(3,595,675)	1,215,543
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	3,614,160	2,398,617
19.2 End of year (Line 18 plus Line 19.1)	18,485	3,614,160

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.	0	0
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ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	23,836,436	0	0	23,836,436
2. Medicare Supplement	0	0	0	0
3. Dental only	0	0	0	0
4. Vision only	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0
6. Title XVIII - Medicare	55,391,465	0	200,158	55,191,307
7. Title XIX - Medicaid	0	0	0	0
8. Other health	0	0	0	0
9. Health subtotal (Lines 1 through 8)	79,227,901	0	200,158	79,027,743
10. Life	0	0	0	0
11. Property/casualty	0	0	0	0
12. Totals (Lines 9 to 11)	79,227,901	0	200,158	79,027,743

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	61,452,420	20,995,485	0	0	0	0	40,456,935	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	275,035	86,402	0	0	0	0	188,633	0	0	0
1.4 Net	61,177,385	20,909,083	0	0	0	0	40,268,302	0	0	0
2. Paid medical incentive pools and bonuses	703,267	130,418	0	0	0	0	572,849	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	6,018,634	2,808,125	0	0	0	0	3,210,509	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	38,137	0	0	0	0	0	38,137	0	0	0
3.4 Net	5,980,497	2,808,125	0	0	0	0	3,172,372	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	39,111	39,111	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	39,111	39,111	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,945,005	122	0	0	0	0	1,944,883	0	0	0
6. Net healthcare receivables (a)	(17,738)	(54,042)	0	0	0	0	36,304	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	15,734	15,734	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	6,444,444	2,468,396	0	0	0	0	3,976,048	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	25,124	2,904	0	0	0	0	22,220	0	0	0
8.4 Net	6,419,320	2,465,492	0	0	0	0	3,953,828	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	30,242	30,242	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	30,242	30,242	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,026,551	109,332	0	0	0	0	1,917,219	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	29,634	29,634	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	61,053,217	21,398,125	0	0	0	0	39,655,092	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	274,148	69,598	0	0	0	0	204,550	0	0	0
12.4 Net	60,779,069	21,328,527	0	0	0	0	39,450,542	0	0	0
13. Incurred medical incentive pools and bonuses	621,721	21,208	0	0	0	0	600,513	0	0	0

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	1,125,887	591,387	.0	.0	.0	.0	534,500	.0	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net	1,125,887	591,387	.0	.0	.0	.0	534,500	.0	.0	.0
2. Incurred but Unreported:										
2.1 Direct	4,892,747	2,216,738	.0	.0	.0	.0	2,676,009	.0	.0	.0
2.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded	38,137	.0	.0	.0	.0	.0	38,137	.0	.0	.0
2.4 Net	4,854,610	2,216,738	.0	.0	.0	.0	2,637,872	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	6,018,634	2,808,125	.0	.0	.0	.0	3,210,509	.0	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	38,137	.0	.0	.0	.0	.0	38,137	.0	.0	.0
4.4 Net	5,980,497	2,808,125	0	0	0	0	3,172,372	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	2,038,727	18,884,256	50,650	2,796,586	2,089,377	2,495,734
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	0	0	0	0	0	0
4. Vision Only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	3,058,832	37,209,470	118,281	3,054,091	3,177,113	3,953,828
7. Title XIX - Medicaid	0	0	0	0	0	0
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	5,097,559	56,093,726	168,931	5,850,677	5,266,490	6,449,562
10. Healthcare receivables (a)	0	267,843	0	0	0	285,581
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	480,870	222,397	187,800	1,757,205	668,670	2,026,551
13. Totals (Lines 9 - 10 + 11 + 12)	5,578,429	56,048,280	356,731	7,607,882	5,935,160	8,190,532

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	5,471	5,908	5,893	5,892	5,892
2.	2013	40,699	45,340	45,486	45,475	45,419
3.	2014	XXX	32,548	35,606	35,541	35,536
4.	2015	XXX	XXX	16,695	18,807	18,793
5.	2016	XXX	XXX	XXX	14,820	16,974
6.	2017	XXX	XXX	XXX	XXX	18,929

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	5,788	5,948	5,910	5,892	5,892
2.	2013	45,931	45,382	45,511	45,488	45,419
3.	2014	XXX	35,153	35,637	35,556	35,545
4.	2015	XXX	XXX	18,921	18,822	18,800
5.	2016	XXX	XXX	XXX	17,382	17,008
6.	2017	XXX	XXX	XXX	XXX	21,726

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	56,936	45,419	1,554	3.4	46,973	82.5	0	0	46,973	82.5
2. 2014	42,959	35,536	729	2.1	36,265	84.4	9	0	36,274	84.4
3. 2015	22,277	18,793	372	2.0	19,165	86.0	7	0	19,172	86.1
4. 2016	19,810	16,974	378	2.2	17,352	87.6	34	0	17,386	87.8
5. 2017	23,844	18,929	428	2.3	19,357	81.2	2,797	22	22,176	93.0

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	<div style="font-size: 100px; text-align: center; line-height: 1;">NONE</div>				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	NONE				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					
		XXX				
		XXX	XXX			
		XXX	XXX	XXX		
		XXX	XXX	XXX	XXX	

	1	2	3	4	5	6	7	8	9	10		
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payment	Claim Adjustment Expense Payments (Col. 3/2)	Percent (Col. 4/3)	Claim and Claim Adjustment Expense Payments (Col. 5/1)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent		
1. 2013			NONE									
2. 2014												
3. 2015												
4. 2016												
5. 2017												

Section A - Paid Health Claims - Dental Only

NONE

NONE

NONE

Section A - Paid Health Claims - Vision Only

NONE

Year in Which Losses Were Incurred

NONE

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	NONE				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	NONE				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments (Col. 3/2)	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 4/3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013			NONE							
2. 2014										
3. 2015										
4. 2016										
5. 2017										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	2,075	2,055	2,042	2,021	2,021
2.	2013	34,397	37,142	37,102	37,075	37,071
3.	2014	XXX	52,398	56,414	56,321	56,279
4.	2015	XXX	XXX	44,250	48,243	48,212
5.	2016	XXX	XXX	XXX	41,985	45,563
6.	2017	XXX	XXX	XXX	XXX	37,119

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	2,207	2,079	2,054	2,021	2,021
2.	2013	38,113	37,211	37,135	37,084	37,071
3.	2014	XXX	57,225	56,644	56,337	56,292
4.	2015	XXX	XXX	50,085	48,338	48,229
5.	2016	XXX	XXX	XXX	47,736	45,839
6.	2017	XXX	XXX	XXX	XXX	41,930

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	41,343	37,071	750	2.0	37,821	91.5	0	0	37,821	91.5
2. 2014	61,758	56,279	864	1.5	57,143	92.5	13	0	57,156	92.5
3. 2015	57,807	48,212	916	1.9	49,128	85.0	17	0	49,145	85.0
4. 2016	55,471	45,563	860	1.9	46,423	83.7	276	1	46,700	84.2
5. 2017	53,963	37,119	800	2.2	37,919	70.3	4,811	64	42,794	79.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	NONE				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	NONE				
2.	2013					
3.	2014					
4.	2015					
5.	2016					
6.	2017					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments (Col. 3/2)	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 4/3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013			NONE							
2. 2014										
3. 2015										
4. 2016										
5. 2017										

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

Section A - Paid Health Claims - Other

NONE

Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year

NONE

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	7,546	7,963	7,935	7,913	7,913
2.	2013	75,096	82,482	82,588	82,550	82,490
3.	2014	XXX	84,946	92,020	91,862	91,815
4.	2015	XXX	XXX	60,945	67,050	67,005
5.	2016	XXX	XXX	XXX	56,805	62,537
6.	2017	XXX	XXX	XXX	XXX	56,048

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	7,995	8,027	7,964	7,913	7,913
2.	2013	84,044	82,593	82,646	82,572	82,490
3.	2014	XXX	92,378	92,281	91,893	91,837
4.	2015	XXX	XXX	69,006	67,160	67,029
5.	2016	XXX	XXX	XXX	65,118	62,847
6.	2017	XXX	XXX	XXX	XXX	63,656

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	98,279	82,490	2,304	2.8	84,794	86.3	0	0	84,794	86.3
2. 2014	104,717	91,815	1,593	1.7	93,408	89.2	22	0	93,430	89.2
3. 2015	80,084	67,005	1,288	1.9	68,293	85.3	24	0	68,317	85.3
4. 2016	75,281	62,537	1,238	2.0	63,775	84.7	310	1	64,086	85.1
5. 2017	77,807	56,048	1,228	2.2	57,276	73.6	7,608	86	64,970	83.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	123,383	1,021	0	0	0	0	122,362	0	0
2. Additional policy reserves (a)	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$0) for investment income	2,059,022	791,000	0	0	0	0	1,268,022	0	0
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	2,182,405	792,021	0	0	0	0	1,390,384	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4)	2,182,405	792,021	0	0	0	0	1,390,384	0	0
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	39,111	39,111	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	39,111	39,111	0	0	0	0	0	0	0
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0
14. Totals (Net)(Page 3, Line 7)	39,111	39,111	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$0 for occupancy of own building)	30,671	3,095	3,247	562	37,575
2. Salary, wages and other benefits	837,159	95,281	2,824,318	14,923	3,771,680
3. Commissions (less \$0 ceded plus \$0 assumed)	0	0	1,991,597	0	1,991,597
4. Legal fees and expenses	0	1	34,706	46	34,753
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	0	2,683	837,187	6,815	846,684
7. Traveling expenses	6,641	385	116,780	153	123,959
8. Marketing and advertising	524	5,763	248,218	3	254,508
9. Postage, express and telephone	10,193	2,113	182,226	59	194,590
10. Printing and office supplies	0	335	107,444	45	107,824
11. Occupancy, depreciation and amortization	16,523	2,576	(19,099)	136	136
12. Equipment	0	1,076	203,190	213	204,478
13. Cost or depreciation of EDP equipment and software	49	2,582	292,444	437	295,511
14. Outsourced services including EDP, claims, and other services	113,540	66,680	1,371,056	2,012	1,553,288
15. Boards, bureaus and association fees	252	25	8,306	66	8,648
16. Insurance, except on real estate	2,465	300	91,555	13	94,333
17. Collection and bank service charges	2	340	28,346	2,127	30,814
18. Group service and administration fees	0	0	0	0	0
19. Reimbursements by uninsured plans	0	0	0	0	0
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	138	41	103,782	10	103,971
22. Real estate taxes	0	0	12,031	0	12,031
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	344,485	0	344,485
23.2 State premium taxes	0	0	0	0	0
23.3 Regulatory authority licenses and fees	0	0	6,714	0	6,714
23.4 Payroll taxes	95,609	10,882	173,778	834	281,103
23.5 Other (excluding federal income and real estate taxes)	0	0	3,065	0	3,065
24. Investment expenses not included elsewhere	0	0	0	0	0
25. Aggregate write-ins for expenses	368	0	346,313	0	346,681
26. Total expenses incurred (Lines 1 to 25)	1,114,132	194,156	9,311,687	28,453	(a) .....10,648,428
27. Less expenses unpaid December 31, current year	75,465	13,151	26,761	0	115,377
28. Add expenses unpaid December 31, prior year	86,263	18,390	60,888	0	165,541
29. Amounts receivable relating to uninsured plans, prior year	0	0	13,464	0	13,464
30. Amounts receivable relating to uninsured plans, current year	0	0	117,883	0	117,883
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,124,930	199,395	9,450,233	28,453	10,803,011
DETAILS OF WRITE-INS					
2501. Rx Rebate Expense	0	0	306,025	0	306,025
2502. Miscellaneous	368	0	57,209	0	57,577
2503. Intercompany Interest Expense	0	0	(884)	0	(884)
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	(16,037)	0	(16,037)
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	368	0	346,313	0	346,681

(a) Includes management fees of \$9,889,552 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....364,444	.....358,778
1.1	Bonds exempt from U.S. tax	(a) .....0	.....0
1.2	Other bonds (unaffiliated)	(a) .....183,591	.....208,191
1.3	Bonds of affiliates	(a) .....0	.....0
2.1	Preferred stocks (unaffiliated)	(b) .....0	.....0
2.11	Preferred stocks of affiliates	(b) .....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c) .....0	.....0
4.	Real estate	(d) .....0	.....0
5	Contract Loans .....	.....0	.....0
6	Cash, cash equivalents and short-term investments	(e) .....51,242	.....51,246
7	Derivative instruments	(f) .....0	.....0
8.	Other invested assets .....	.....0	.....0
9.	Aggregate write-ins for investment income .....	.....9	.....9
10.	Total gross investment income	599,286	618,224
11.	Investment expenses		(g) .....27,619
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....834
13.	Interest expense		(h) .....0
14.	Depreciation on real estate and other invested assets		(i) .....0
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....28,453
17.	Net investment income (Line 10 minus Line 16)		589,771
DETAILS OF WRITE-INS			
0901.	Miscellaneous Interest	9	9
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	9	9
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$110,717 accrual of discount less \$3,056 amortization of premium and less \$0 paid for accrued interest on purchases.
- (b) Includes \$0 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued dividends on purchases.
- (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
- (d) Includes \$0 for company's occupancy of its own buildings; and excludes \$0 interest on encumbrances.
- (e) Includes \$51,196 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
- (f) Includes \$0 accrual of discount less \$0 amortization of premium.
- (g) Includes \$.0 investment expenses and \$0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$0 interest on surplus notes and \$0 interest on capital notes.
- (i) Includes \$0 depreciation on real estate and \$0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(12,640)	(2,405)	(15,045)	0	0
1.1	Bonds exempt from U.S. tax	0	0	0	0	0
1.2	Other bonds (unaffiliated)	29,768	0	29,768	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	(49)	0	(49)	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	17,079	(2,405)	14,674	0	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	24,710	10,898	(13,812)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	0	14,914	14,914
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivable from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	0	0	0
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,710	25,812	1,102
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	24,710	25,812	1,102
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	10,621	10,801	10,707	10,776	10,734	128,542
2. Provider Service Organizations	0	0	0	0	0	0
3. Preferred Provider Organizations	0	0	0	0	0	0
4. Point of Service	621	427	435	432	433	5,387
5. Indemnity Only	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	11,242	11,228	11,142	11,208	11,167	133,929
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies and going concern

A. Accounting practices

The accompanying statutory financial statements of Aetna Health Inc. (a Maine corporation) (the “Company”), indirectly a wholly-owned subsidiary of Aetna Inc. (“Aetna”), have been prepared in conformity with accounting practices prescribed or permitted by the Maine Department of Professional and Financial Regulation, Bureau of Insurance (“Maine Department”) (“Maine Accounting Practices”). The Maine Department recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company, which include accounting practices and procedures adopted by the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* (“NAIC SAP”).

A reconciliation of the Company’s net income and capital between NAIC SAP and practices prescribed and permitted by the State of Maine for the years ending December 31, 2017 and 2016 is as follows:

	SSAP #	F/S Page	F/S Line #	2017	2016
Net income					
(1) The Company’s state basis	XXX	XXX	XXX	\$4,588,855	\$2,502,764
(2) State prescribed practice that are an increase/ (decrease) from NAIC SAP	N/A	N/A	N/A	-	-
(3) State permitted practice that are an increase/ (decrease) from NAIC SAP	N/A	N/A	N/A	-	-
(4) NAIC SAP				<u>\$4,588,855</u>	<u>\$2,502,764</u>
Surplus					
(5) The Company’s state basis	XXX	XXX	XXX	\$17,547,156	\$15,522,822
(6) State prescribed practice that are an increase/ (decrease) from NAIC SAP	N/A	N/A	N/A	-	-
(7) State permitted practice that are an increase/ (decrease) from NAIC SAP	N/A	N/A	N/A	-	-
(8) NAIC SAP				<u>\$17,547,156</u>	<u>\$15,522,822</u>

B. Use of estimates in the preparation of the financial statements

The preparation of these financial statements in conformity with Maine Accounting Practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses. Actual results could differ from those estimates.

C. Accounting policies

The Company applies the following significant accounting policies:

(1) Cash, cash equivalents and short-term investments

Cash, cash equivalents and short-term investments, consisting primarily of money market instruments and other debt issues with an original maturity of up to one year, are carried at amortized cost. Short-term investments consist primarily of investments purchased with an original maturity date of greater than three months but less than one year. Cash equivalents consist of highly liquid instruments, which mature within three months from the date of purchase. The carrying amount of cash, cash equivalents and short-term investments approximates fair value.

(2) Bonds

Bonds, which include special deposits, are carried at amortized cost except for those bonds with an NAIC designation of 3 through 6, which are carried at the lower of amortized cost or fair value. The amount carried at fair value is not material to the financial statements. Bond premiums and discounts are amortized using the scientific interest method. When quoted prices in active markets for identical assets are available, the Company uses these quoted market prices to determine the fair value of bonds. This is used primarily for U.S. government securities. In other cases where a quoted market price for identical assets in an active market is either not available or not observable, the Company estimates fair values using valuation methodologies based on available and observable market information or by using a matrix pricing model. If quoted market prices are not available, the Company determines fair value using broker

quotes or an internal analysis of each investment's financial performance and cash flow projections. The Company had no investments where fair value was determined using broker quotes or an internal analysis of financial performance and cash flow projections at December 31, 2017 and 2016. Bonds include all investments whose maturity is greater than one year when purchased.

The Company periodically reviews its bonds to determine whether a decline in fair value below the carrying value is other-than-temporary. For bonds, other than loan-backed and structured securities, an other-than-temporary impairment ("OTTI") shall be recorded if it is probable that the Company will be unable to collect all amounts due according to the contractual terms in effect at the date of acquisition. Declines deemed to be OTTI in the cost basis are recognized as realized capital losses. Yield-related impairments are deemed other-than-temporary when the Company intends to sell an investment at the reporting date before recovery of the cost of the investment.

For loan-backed and structured securities, the Company records OTTI when the fair value of the loan-backed or structured security is less than the amortized cost basis at the balance sheet date and (1) the Company intends to sell the investment, or (2) the Company does not have the intent and ability to retain the investment for the time sufficient to recover the amortized cost basis, or (3) the Company does not expect to recover the entire amortized cost basis of the security, even if it does not intend to sell the security and has the intent and ability to hold. If it is determined an OTTI has occurred because of (1) or (2), the amount of the OTTI is equal to the difference between the amortized cost and the fair value of the security at the balance sheet date and this difference is recorded as a realized capital loss. If it is determined an OTTI has occurred because of (3), the amount of the OTTI is equal to the difference between the amortized cost and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's effective interest rate and this difference is also accounted for as a realized capital loss.

The Company analyzes all relevant facts and circumstances for each investment when performing its analysis to determine whether an OTTI exists. Among the factors considered in evaluating whether a decline is other-than-temporary, management considers whether the decline in fair value results from a change in the quality of the investment security itself, whether the decline results from a downward movement in the market as a whole, the prospects for realizing the carrying value of the bond based on the investee's current and short-term prospects for recovery and other factors. The risks inherent in assessing the impairment of an investment include the risk that market factors may differ from our expectations and the risk that facts and circumstances factored into our assessment may change with the passage of time. Unexpected changes to market factors and circumstances that were not present in past reporting periods may result in a current period decision to sell securities that were not other-than-temporarily-impaired in prior reporting periods.

- (3) The Company did not own any common stock at December 31, 2017 or 2016.
- (4) The Company did not own any preferred stock at December 31, 2017 or 2016.
- (5) The Company did not have any mortgage loans at December 31, 2017 or 2016.
- (6) Securities lending

The Company engages in securities lending by lending certain securities from its investment portfolio to other institutions for short periods of time. Borrowers must post cash collateral in the amount of 102% to 105% of the fair value of a loaned security. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates. The collateral is retained and invested by a lending agent according to the Company's guidelines to generate additional investment income for the Company. Pursuant to Statements of Statutory Accounting Principles ("SSAP") No. 103R - *Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("SSAP No. 103R"), collateral required under the Company's securities lending program is carried on the Company's Statutory Statements of Assets and Liabilities, Capital and Surplus as both a receivable and payable. Also pursuant to SSAP No. 103R, if the collateral received from a counterparty is less than 100 percent at the reporting date, the difference between the actual collateral and 100 percent is nonadmitted. Collateral value is measured and compared to the loaned securities in aggregate by counterparty. The Company did not have any loaned securities at December 31, 2017 and 2016.

- (7) The Company did not have any investments in any subsidiaries or affiliated companies at December 31, 2017 or 2016.
- (8) The Company did not have any investments in any joint ventures, partnerships and limited liability companies at December 31, 2017 or 2016.
- (9) The Company did not have any derivatives at December 31, 2017 or 2016.

(10) Aggregate health policy reserves and related expenses

Premium deficiency reserves ("PDR") are recognized when it is probable that the expected future hospital and medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Where allowed, anticipated investment income is considered in the calculation of any PDR. For purposes of calculating a PDR, contracts are grouped in manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company had no PDR at December 31, 2017 or 2016.

Unearned premium reserves ("UEP") are recognized for premiums that are recorded by the Company that have not been earned as of the statement date. The UEP balance of \$123,383 was included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2017. The Company had no UEP at December 31, 2016.

The Company is required to make premium rebate payments to customers that are enrolled under certain health insurance policies if specific minimum annual medical loss ratios ("MLR") are not met in the prior year. The Company's results for full-years 2017 and 2016 included estimates of \$1,283,316 and \$8,674, respectively, which were included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus.

For Individual Medicare Part D, the Company's annual contract with Centers for Medicare & Medicaid Services ("CMS") provides a risk-sharing arrangement to limit exposure to unexpected expenses. The risk-sharing arrangement provides a risk corridor whereby the amount the Company received in premiums from members and CMS based on its annual bid is compared to actual drug costs incurred during the contract year. Based on the risk corridor provision and Part D activity-to-date, estimated risk-sharing payables of \$39,248 and \$52,566 were included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2017 and 2016, respectively.

The Company reported liabilities associated with contracts subject to redetermination as aggregate health policy reserves in accordance with SSAP No. 54 – *Individual and Group and Accident Health Contracts* ("SSAP No. 54") and SSAP No. 107 - *Risk-Sharing Provisions of the Affordable Care Act* ("SSAP No. 107"). The Company reported Affordable Care Act ("ACA") Risk Adjustment Payables of \$781,458 and \$1,140,913 in aggregate health policy reserves at December 31, 2017 and 2016, respectively.

(11) Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of fee-for-service medical claims and capitation costs. Claims unpaid and aggregate health claim reserves include the Company's estimate of payments to be made on claims reported but not yet paid and for health care services rendered to enrollees but not yet reported to the Company as of the Statutory Statements of Assets and Liabilities, Capital and Surplus date. Such estimates are developed using actuarial principles and assumptions, which consider, among other things, historical and projected claim submission and processing payment patterns, medical cost trends, historical utilization of health care services, claim inventory levels, medical inflation, contract requirement changes in membership and product mix, seasonality and other relevant factors. The Company reflects changes in estimates in hospital and medical costs in the Statutory Statements of Revenue and Expenses in the period they are determined. Capitation costs, which are recorded in hospital and medical expenses in the Statutory Statements of Revenue and Expenses, represent contractual monthly fees paid to participating physicians and other medical providers for providing medical care, regardless of the medical services provided to the enrollee.

The Company uses the triangulation method to estimate reserves for claims incurred but not reported. The method of triangulation makes estimates of completion factors that are then applied to the total paid claims (net of coordination of benefits) to date for each incurral month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported (claims unpaid). For the most current dates of service where there is insufficient paid claim data to rely solely on the triangulation method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, changes in membership and/or benefits, and historical seasonal patterns to estimate the reserve required for these months.

Claims adjustment expenses, which include cost containment expenses, represent the costs incurred related to the claim settlement process such as costs to record, process and adjust claims. These expenses are included in the Company's management agreement with an affiliate described in Note 10.

(12) The Company did not modify its capitalization policy from the prior period.

(13) Pharmaceutical rebate receivables

The Company estimates pharmaceutical rebate receivables based upon historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are billed to the vendor within one month of the completion of the quarter with any adjustment to previously recorded amounts reflected at the time of billing. The Company reports pharmaceutical rebate receivables as health care receivables. Pharmacy rebate receivables not in accordance with SSAP No. 84 – *Health Care and Government Insured Plan Receivables* or are over 90 days past due are nonadmitted. All rebates are processed and settled with an affiliated entity. The pharmaceutical rebate receivables are more fully discussed in Note 28.

(14) Premiums and amounts due and unpaid

Premium revenue for prepaid health or dental care products is recognized as income in the month in which enrollees are entitled to health or dental care services. Premiums collected before the effective period are reported as premiums received in advance. Premiums related to unexpired contractual coverage periods are reported as unearned premiums in the Statutory Statements of Liabilities, Capital and Surplus (refer to discussion of aggregate health policy reserves and related expenses above).

Nonadmitted amounts consist of all premiums due and unpaid greater than 90 days past due, with the exception of amounts due under government insured plans, which may be admitted assets under certain circumstances. In addition, for any customer for which the premiums due and unpaid greater than 90 days past due is more than a de minimus portion of the entire balance of premiums due and unpaid for that customer, the entire balance of premiums due and unpaid for that customer is nonadmitted. Management also performs a specific review of accounts and based on the results of the review, additional amounts may be nonadmitted. Uncollectible amounts are generally written-off and charged to revenue in the period in which the customer reconciliations are completed and agreed to by the customer (retroactivity) or when the account is determined to be uncollectible by the Company.

(15) Aggregate health claim reserves

The reserve for future contingent benefits includes the estimated cost of services that will continue to be incurred after the Statutory Statements of Liabilities, Capital and Surplus date if the Company is obligated to pay for such services in accordance with contract provisions or regulatory requirements. These balances are recorded in aggregate health claim reserves in the Statutory Statements of Liabilities, Capital and Surplus and are estimated using a percentage of current hospital and medical costs, which is based on the Company's historical cost experience.

(16) Investment income due and accrued

Accrued investment income consists primarily of interest. Interest is recognized on an accrual basis and dividends are recorded as earned on the ex-dividend date. Due and accrued income is not recorded on: (a) bonds in default; and (b) bonds delinquent more than 90 days or where collection of interest is improbable. At December 31, 2017 and 2016, the Company did not have any nonadmitted investment income due and accrued.

(17) Covered and uncovered expenses and related liabilities

Covered expenses and related liabilities represent costs for health care expenses for which a member is not responsible in the event of the insolvency of the Company. Uncovered expenses and related liabilities represent costs to the Company for health care services that are the obligation of the Company and for which a member may also be liable in the event of the Company's insolvency.

(18) Fees Paid to the Federal Government by Health Insurers

SSAP No. 106 – *Affordable Care Act Section 9010 Assessment* ("SSAP No. 106") required (1) that the health insurer fee be recognized in full on January 1 of the fee year (the calendar year in which the assessment must be paid to the federal government), in the operating expense category of insurance taxes, licenses and fees, excluding federal income taxes and (2) that in each data year preceding a fee year a reporting entity pro-ratably accrue by reclassifying from unassigned funds (surplus) to aggregate write-ins for special surplus funds an amount equal to its estimated subsequent fee year assessment. This reclassification has no impact on total capital and surplus and is reversed in full on January 1 of the fee year. See Note 22 for disclosure of all amounts related to the health insurer fee for the Company.

- (19) Accounting for the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010's (collectively, "Health Care Reform") Reinsurance, Risk Adjustment and Risk Corridor (the "3Rs") pursuant to SSAP No. 107 – *Risk-Sharing Provisions of the Affordable Care Act* ("SSAP No. 107") and INT 15-01: ACA Risk Corridors Collectability ("INT 15-01")

Reinsurance

Health Care Reform established a temporary reinsurance program that expired at the end of 2016. Under this program, all issuers of major medical commercial insurance products and self-insured plan sponsors were required to contribute funding in amounts set by the U.S. Department of Health and Human Services ("HHS"). A portion of the funds collected were utilized to reimburse issuers' high claims costs incurred for qualified individual members. The expense related to this required funding was reflected in insurance, taxes, licenses and fees for all of the Company's insurance products with the exception of products associated with qualified individual members; this expense for qualified individual members was reflected as a reduction of premium revenue. When annual claim costs incurred by the Company's qualified individual members exceeded a specified attachment point, the Company was entitled to certain reimbursements from this program. The Company recorded amounts recoverable for claims paid and unpaid and ceded claim benefit recoveries to reflect its estimate of these recoveries.

Risk Adjustment

Health Care Reform established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below average risk scores to plans with above average risk scores. Based on the risk of the Company's qualified plan members relative to the average risk of members of other qualified plans in comparable markets, the Company estimates its ultimate risk adjustment receivable or payable for the current calendar year and reflects the impact as an adjustment to its premium revenue.

Risk Corridor

Health Care Reform established a temporary risk sharing program that expired at the end of 2016 for qualified individual and small group insurance plans. Under this program the Company made (or received) a payment to (or from) HHS based on the ratio of allowable costs to target costs (as defined by Health Care Reform). The Company recorded a risk corridor receivable or payable as an adjustment to premium revenue based on the Company's estimate of the ultimate risk sharing amount for the current calendar year. In October 2015, HHS announced that 2014 Health Care Reform risk corridor receivables would be funded at 12.6% to the extent HHS fully collected risk corridor payables. In November 2015, INT 15-01 was issued as guidance to address the accounting for risk corridor receivables. In conjunction with this guidance, the Company recorded a risk corridor receivable that coincided with the portion of the 2014 Health Care Reform risk corridor receivables that were considered collectible. The Company did not record any risk corridor receivables for the 2016 and 2015 program years or any amount in excess of HHS's announced pro-rated funding amount for the 2014 program year because payments from HHS are uncertain.

The Company expects to perform an annual final reconciliation and settlement with HHS of the 3Rs in each subsequent year. See Note 24.E. for disclosure of amounts related to the 3Rs for the Company for the periods ending December 31, 2017 and 2016.

- (20) Federal and state income taxes

The Company is included in the consolidated federal income tax return of its parent company, Aetna and Aetna's other wholly-owned subsidiaries pursuant to the terms of a tax sharing agreement. In accordance with a written tax sharing agreement with an affiliate, the Company's current federal and state income tax provisions are generally computed as if the Company were filing a separate federal and state income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to this agreement, the Company has the enforceable right to recoup federal and state income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal and state income taxes.

Income taxes are accounted for under the asset and liability method. Deferred income tax assets ("DTAs") and liabilities ("DTLs") represent the expected future tax consequences of temporary differences generated by statutory accounting as defined in SSAP No. 101 - *Income Taxes* ("SSAP No. 101"). DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. DTAs and DTLs are computed by means of identifying temporary differences which are measured using a balance sheet approach whereby statutory and tax basis balance sheets are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period.

Pursuant to SSAP No. 101, gross DTAs are first reduced by a statutory valuation allowance adjustment to an amount that is more likely than not to be realized ("adjusted gross DTAs"). Adjusted gross DTAs are then admitted in an amount equal to the sum of paragraphs a. b. and c. below:

- a. Federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with Internal Revenue Service ("IRS") tax loss carryback provisions.
- b. The amount of adjusted gross DTAs, after the application of paragraph a. above, expected to be realized within the applicable period and that is no greater than the applicable percentage as determined using the applicable Realization Threshold Limitation Table. The applicable period refers to the number of years in which the DTA will reverse in the Company's tax return and the applicable percentage refers to the percentage of the Company's statutory capital and surplus as required to be shown on the statutory balance sheet adjusted to exclude any net DTAs, electronic data processing equipment and operating system software and any net positive goodwill ("Stat Cap ExDTA").

The Realization Threshold Limitation Tables allow DTAs to be admitted based upon either realization within 3 years and 15% percent of Stat Cap ExDTA, 1 year and 10% of Stat Cap ExDTA, or no DTA admitted pursuant to this paragraph b. In general, the Realization Threshold Limitation Tables allow the Company to admit more DTAs if total DTAs as reported by the Company are a smaller percentage of statutory capital and surplus.

- c. The amount of gross DTAs, after the application of paragraphs a. and b. above, can be offset against existing gross DTLs. In applying this offset, the Company considers the character (i.e. ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations and the reversal patterns of temporary differences.

Changes in DTAs and DTLs are recognized as a separate component of gains and losses in surplus ("Change in net deferred income tax") except to the extent allocated to changes in unrealized gains and losses. Changes in DTAs and DTLs allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as "Change in net unrealized capital gains (losses)", also a separate component of gains and losses in surplus.

State income tax expense is recorded in general administrative expenses in the Statutory Statements of Revenue and Expenses. For the years ended December 31, 2017 and 2016, the Company incurred state income tax expense of \$344,485 and \$94,900, respectively. At December 31, 2017 and 2016, the Company reported \$233,184 and \$280,491, respectively, as state income tax receivable, which was included as write-ins in the Statutory Statements of Assets.

(21) Reinsurance

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results and to help balance its risks and capital by reinsuring certain levels of risk with other insurance enterprises. The reinsurance coverage does not relieve the Company of its primary obligations. Reinsurance premiums and reserves related to reinsured business are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded for medical losses and the related unpaid reserves have been reported as reductions of these items. The reinsurance agreements are more fully discussed in Note 23.

D. Going concern

As of March 1, 2018, management evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern and management has determined that it is not probable that the Company will be unable to meet its obligations as they become due within one year after the financial statements are available to be issued. Management will continuously evaluate the Company's ability to continue as a going concern and will take appropriate action and will make appropriate disclosures if there is any change in any condition or events that would raise substantial doubt about the Company's ability to continue as a going concern.

2. Accounting changes and corrections of errors

The Company did not have any accounting changes or corrections of errors in the years ended December 31, 2017 and 2016.

3. Business combinations and goodwill

The Company was not a part of any business combinations that involved the statutory purchase method, a statutory merger, an assumption reinsurance, or an impairment loss in the years ending December 31, 2017 and 2016.

4. Discontinued operations

The Company did not have any discontinued operations in the years ending December 31, 2017 and 2016.

5. Investments

- A. The Company did not have any mortgage loans, including Mezzanine Real Estate Loans, at December 31, 2017 or 2016.
- B. The Company did not have any debt restructuring in the years ending December 31, 2017 and 2016.
- C. The Company did not have any reverse mortgages at December 31, 2017 or 2016.
- D. Loan-Backed Securities
 - (1) Prepayment assumptions for single class and multi-class mortgage backed/asset backed securities were obtained from industry market sources.
 - (2) The Company had no OTTI losses during 2017 on loan-backed and structured securities in which the Company had the (1) intent to sell, (2) did not have the intent and ability to retain for a period of time sufficient to recover the amortized cost basis or (3) present value of cash flows expected to be collected is less than the amortized cost basis of the securities in accordance with SSAP No. 43R - *Loan-Backed and Structured Securities* ("SSAP No. 43R").
 - (3) The Company had no recognized OTTI on loan-backed and structured securities currently held, in which the present value of cash flows expected to be collected is less than the amortized cost basis, at the reporting date December 31, 2017.
 - (4) The Company had no unrealized loss position on loan-backed and structured securities held by the Company at December 31, 2017.
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions
 - (1) The Company did not have any repurchase agreements or loaned securities transactions at December 31, 2017.
 - (2) The Company did not pledge any of its assets as collateral, which are classified as securities pledged to creditors as of December 31, 2017.
 - (3) Neither the Company nor its agent has accepted collateral that is permitted by contract or custom to sell or repledge as of December 31, 2017.
 - (4) The Company did not have securities lending transactions administered by an affiliated agent which is "one line" reported at December 31, 2017.
 - (5) The Company did not have any repurchase agreements, loaned securities or dollar repurchase agreements at December 31, 2017.
 - (6) The Company has not accepted collateral that is not permitted by contract or custom to sell or repledge as of December 31, 2017.
 - (7) The Company did not have any collateral for transactions that extend beyond one year from the reporting date.
- F. The Company did not have any repurchase agreements transactions accounted for as secured borrowing at December 31, 2017 or 2016.
- G. The Company did not have any reverse repurchase agreements transactions accounted for as secured at December 31, 2017 or 2016.
- H. The Company did not have any repurchase agreements transactions accounted for as a sale at December 31, 2017 or 2016.
- I. The Company did not have any reverse repurchase agreements transactions accounted for as a sale at December 31, 2017 or 2016.
- J. The Company did not have any real estate at December 31, 2017 or 2016.
- K. The Company did not have any low-income housing tax credits at December 31, 2017.

L. Restricted Assets

(1) Restricted assets (including pledged):

Restricted Asset Category	1	2	3	4	5	6	7
	Total gross (admitted & nonadmitted) restricted from current year	Total gross (admitted & nonadmitted) restricted from prior year	Increase (decrease) (1 minus 2)	Total current year nonadmitted restricted	Total current year admitted restricted (1 minus 4)	Percentage gross (admitted & nonadmitted) restricted to total assets	Percentage admitted restricted to total admitted assets
a. Subject to contractual obligation for which liability is not shown	-	-	-	-	-	-	-
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	\$401,538	\$402,159	\$(621)	-	\$401,538	1.385%	1.386%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total restricted assets	\$401,538	\$402,159	\$(621)	-	\$401,538	1.385%	1.386%

(2) The Company did not have any assets pledged as collateral not captured in other categories at December 31, 2017.

(3) The Company did not have any other restricted assets at December 31, 2017.

(4) The Company did not have any collateral received and reflected within its financial statements at December 31, 2017.

M. The Company did not have any working capital finance investments at December 31, 2017.

- N. The Company did not have any offsetting and netting of financial assets or liabilities at December 31, 2017.
- O. The Company did not have any structured notes at December 31, 2017.
- P. The Company did not have any 5* securities at December 31, 2017.
- Q. The Company did not have any short sales at December 31, 2017.
- R. The Company did not have any prepayment penalty and acceleration fees at December 31, 2017.

6. Joint ventures, partnerships, and limited liability companies

- A. The Company did not have any joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets at December 31, 2017 or 2016.
- B. The Company does not have any impaired investments in joint ventures, partnerships, or limited liability companies at December 31, 2017 or 2016.

7. Investment income

- A. There was no investment income due and accrued excluded from surplus at December 31, 2017 or 2016, except in bonds where collection of interest was uncertain.
- B. There was no amount excluded at December 31, 2017 or 2016.

8. Derivative instruments

The Company did not have any derivative instruments at December 31, 2017 or 2016.

9. Income taxes

- A.
 - 1. The components of the net DTAs recognized in the Company's Statutory Statements of Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2017		
	Ordinary	Capital	Total
(a) Gross DTAs	\$20,863	\$173,633	\$194,496
(b) Statutory valuation allowance adjustment	-	-	-
(c) Adjusted gross DTAs	20,863	173,633	194,496
(d) DTAs nonadmitted	-	-	-
(e) Subtotal net admitted DTAs	20,863	173,633	194,496
(f) DTLs	(7,196)	(94,719)	(101,915)
(g) Net admitted DTAs/(DTLs)	\$13,667	\$78,914	\$92,581
	December 31, 2016		
	Ordinary	Capital	Total
(a) Gross DTAs	\$37,148	\$298,163	\$335,311
(b) Statutory valuation allowance adjustment	-	-	-
(c) Adjusted gross DTAs	37,148	298,163	335,311
(d) DTAs nonadmitted	-	(14,914)	(14,914)
(e) Subtotal net admitted DTAs	37,148	283,249	320,397
(f) DTLs	(3,814)	(123,293)	(127,107)
(g) Net admitted DTAs/(DTLs)	\$33,334	\$159,956	\$193,290
	Change		
	Ordinary	Capital	Total
(a) Gross DTAs	\$(16,285)	\$(124,530)	\$(140,815)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Adjusted gross DTAs	(16,285)	(124,530)	(140,815)
(d) DTAs nonadmitted	-	14,914	14,914
(e) Subtotal net admitted DTAs	(16,285)	(109,616)	(125,901)
(f) DTLs	(3,382)	28,574	25,192
(g) Net admitted DTAs/(DTLs)	\$(19,667)	\$(81,042)	\$(100,709)

2. The amount of admitted gross DTAs admitted under each component of SSAP No. 101:

	December 31, 2017		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$20,741	\$20,291	\$41,662
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of 2(b)1 and 2(b)2 below)	123	67,828	67,951
1. Adjusted gross DTAs expected to realized following the balance sheet date	123	67,828	67,951
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	2,618,186
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	-	84,884	84,884
(d) DTAs admitted as the result of application of SSAP No. 101	\$20,864	\$173,633	\$194,497
	December 31, 2016		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$37,148	\$64,433	\$101,581
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of 2(b)1 and 2(b)2 below)	-	95,523	95,523
1. Adjusted gross DTAs expected to realized following the balance sheet date	-	95,523	95,523
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	2,299,430
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	-	123,293	123,293
(d) DTAs admitted as the result of application of SSAP No. 101	\$37,148	\$283,249	\$320,397
	Change		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$(16,407)	\$(43,512)	\$(59,919)
(b) Adjusted gross DTAs expected to be realized (excluding the amount of DTAs) after application of the threshold limitations (the lesser of 2(b)1 and 2(b)2 below)	123	(27,695)	(27,572)
1. Adjusted gross DTAs expected to realized following the balance sheet date	123	(27,695)	(27,572)
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	318,756
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	-	(39,409)	(38,409)
(d) DTAs admitted as the result of application of SSAP No. 101	\$(16,284)	\$(109,616)	\$(125,900)

3.

	2017	2016
(a) Ratio percentage used to determine recovery period and threshold limitation amount	606%	515%
(b) Amount of adjusted capital and surplus used to determine recovery period threshold limitation in 2(b)2 above	\$17,454,575	\$15,329,532

4. The impact of tax planning strategies is as follows:

December 31, 2017			
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage			
1. Adjusted gross DTAs amount from Note 9A1(c)	\$20,863	\$173,633	\$194,496
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	35%	35%
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$20,863	\$173,633	\$194,496
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	35%	35%
December 31, 2016			
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage			
1. Adjusted gross DTAs amount from Note 9A1(c)	\$37,148	\$298,163	\$335,311
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	28%	28%
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$37,148	\$283,249	\$320,397
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	30%	30%
Change			
	Ordinary	Capital	Total
(a) Determination of adjusted gross DTAs and net admitted DTAs, by tax character as a percentage			
1. Adjusted gross DTAs amount from Note 9A1(c)	\$(16,285)	\$(124,530)	\$(140,815)
2. Percentage of adjusted DTAs by tax character attributable to the impact of tax planning strategies	0%	6%	6%
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$(16,285)	\$(109,616)	\$(125,901)
4. Percentage of net admitted adjusted DTAs by tax character admitted because of the impact of tax planning strategies	0%	5%	5%

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes ☐ No ☒

B. There are no DTLs that were not recognized at December 31, 2017 or 2016.

C. Current income taxes incurred consist of the following major components:

December 31,			
	2017	2016	Change
1. Current income tax			
(a) Federal	\$1,800,566	\$746,394	\$1,054,172
(b) Foreign	-	-	-
(c) Subtotal	1,800,566	746,394	1,054,172
(d) Federal income tax on net capital gains	885	20,035	(19,150)
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$1,801,451	\$766,429	\$1,035,022

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	December 31,		
	2017	2016	Change
2. DTAs:			
(a) Ordinary			
Claims unpaid	\$12,212	\$23,095	\$(10,883)
Uncollected premiums - nonadmitted	1,173	2,422	(1,249)
Nonadmitted assets	5,189	3,814	1,375
Patient-Centered Outcomes Research Institute fee	2,289	7,817	(5,528)
Total ordinary DTAs	20,863	37,148	(16,285)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted ordinary DTAs	-	-	-
(d) Admitted ordinary DTAs	20,863	37,148	(16,285)
(e) Capital			
Investments	173,633	298,163	(124,530)
Total capital DTAs	173,633	298,163	(124,530)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted capital DTAs	-	(14,914)	14,914
(h) Admitted capital DTAs	173,633	283,249	(109,616)
(i) Admitted DTAs	194,496	320,397	(125,901)
3. DTLs:			
(a) Ordinary			
Allowance for billing adjustment	7,196	3,814	3,382
Ordinary DTLs	7,196	3,814	3,382
(b) Capital			
Investments	94,719	123,293	(28,574)
Capital DTLs	94,719	123,293	(28,574)
(c) Total DTLs	101,915	127,107	(25,192)
4. Net admitted DTAs	\$92,581	\$193,290	\$(100,709)

The change in net deferred income taxes is comprised of the following:

	December 31,		
	2017	2016	Change
Total DTAs	\$194,496	\$335,311	\$(140,815)
Total DTLs	(101,915)	(127,107)	25,192
Net DTAs/(DTLs)	\$92,581	\$208,204	(115,623)
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$(115,623)

There were no valuation allowance adjustments to gross DTAs at December 31, 2017 and 2016. The Company bases its estimates of the future realization of DTAs primarily on historic taxable income and existing DTLs.

- D. The provision for federal income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The items causing this difference were as follows:

	December 31, 2017	Effective tax rate	December 31, 2016	Effective tax rate
Provision computed at statutory rate	\$2,236,603	35.0%	\$1,144,218	35.0%
Health Insurer Fee	-	0.0%	512,037	15.7%
Transfer pricing adjustment	(436,067)	(6.8)%	(417,342)	(12.8)%
Change in nonadmitted assets	(4,834)	(0.1)%	913	0.0%
Prior year true-up	59,651	0.9%	(435,883)	(13.3)%
Change in statutory valuation allowance adjustment	-	0.0%	(60,826)	(1.9)%
Impact on deferred tax for enacted rate change	61,721	1.0%	-	0.0%
Prior period adjustment	-	0.0%	416,740	12.7%
Other	-	0.0%	216	0.0%
Total	\$1,917,074	30.0%	\$1,160,073	35.4%
Federal and foreign income tax expense incurred	\$1,801,451	28.2%	\$766,429	23.4%
Change in net deferred income taxes	115,623	1.8%	393,644	12.0%
Total statutory income taxes	\$1,917,074	30.0%	\$1,160,073	35.4%

The transfer pricing adjustment allows taxpayers to apply different methods to price current period intercompany services at arm's length prices as compared to what would be charged to an unrelated entity, which results in a permanent deduction for tax reporting purposes.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "TCJA") was enacted, which among other items, reduces the federal corporate tax rate to 21% effective January 1, 2018. We re-measured our deferred income taxes for the year-ended December 31, 2017 and recognized incremental tax expense (benefit) related to the change in our net deferred tax asset/liability.

E.

- At December 31, 2017 and 2016, the Company had no net capital loss or net operating loss carryforwards for tax purposes.
- The amount of federal income taxes incurred that are available for recoupment in the event of future net losses are:

Year	Ordinary	Capital	Total
2017	\$1,740,321	\$886	\$1,741,207
2016	1,245,381	20,035	1,265,416
2015	N/A	-	-
Total	\$2,985,702	\$20,921	\$3,006,623

- The Company did not report any deposits as admitted assets under Internal Revenue Code Section 6603 at December 31, 2017 and 2016.

F.

- At December 31, 2017, the Company's Federal Income Tax Return was consolidated with the following entities:

Aetna Inc.	American Health Holding, Inc.
@ Credentials Inc.	AUSHC Holdings, Inc.
Active Health Management Inc.	Broadspire National Services, Inc.
Adminco, Inc.	bswift, LLC
Administrative Enterprises, Inc.	Carefree Insurance Services, Inc.
AE Fourteen Incorporated	Claims Administration Corporation
Aetna ACO Holdings, Inc.	Cofinity, Inc.
Aetna Better Health Inc. (Connecticut)	Continental Life Insurance Company of Brentwood,
Aetna Better Health Inc. (Georgia)	Tennessee
Aetna Better Health Inc. (Illinois)	Corporate Benefit Strategies, Inc.
Aetna Better Health Inc. (New Jersey)	Coventry Consumer Advantage, Inc.
Aetna Better Health Inc. (New York)	Coventry Health and Life Insurance Company
Aetna Better Health Inc. (Ohio)	Coventry Health Care National Accounts, Inc.
Aetna Better Health Inc. (Pennsylvania)	Coventry Health Care National Network, Inc.

Aetna Better Health Inc. (Tennessee)	Coventry Health Care of Florida, Inc.
Aetna Better Health of California Inc.	Coventry Health Care of Illinois, Inc.
Aetna Better Health of Iowa Inc.	Coventry Health Care of Kansas, Inc.
Aetna Better Health of Kansas, Inc.	Coventry Health Care of Missouri, Inc.
Aetna Better Health of Kentucky Insurance Company	Coventry Health Care of Nebraska, Inc.
Aetna Better Health of Michigan, Inc.	Coventry Health Care of Virginia, Inc.
Aetna Better Health of Missouri LLC	Coventry Health Care of West Virginia, Inc.
Aetna Better Health of Nevada Inc.	Coventry Health Care Workers' Compensation, Inc.
Aetna Better Health of North Carolina, Inc.	Coventry Health Plan of Florida, Inc.
Aetna Better Health of Oklahoma Inc.	Coventry HealthCare Management Corporation
Aetna Better Health of Texas, Inc.	Coventry Prescription Management Services, Inc.
Aetna Better Health of Washington, Inc.	Coventry Rehabilitation Services, Inc.
Aetna Better Health, Inc. (Louisiana)	Coventry Transplant Network, Inc.
Aetna Dental Inc. (New Jersey)	Delaware Physicians Care, Incorporated
Aetna Dental Inc. (Texas)	Echo Merger Sub, Inc.
Aetna Dental of California Inc.	First Health Group Corp.
Aetna Florida Inc. (fka Aetna Better Health Inc. (Florida))	First Health Life and Health Insurance Company
Aetna Health and Life Insurance Company	First Script Network Services, Inc.
Aetna Health Inc. (Connecticut)	Florida Health Plan Administrators, LLC
Aetna Health Inc. (Florida)	FOCUS Healthcare Management, Inc.
Aetna Health Inc. (Georgia)	Group Dental Service of Maryland, Inc.
Aetna Health Inc. (Louisiana)	Group Dental Service, Inc.
Aetna Health Inc. (Maine)	Health and Human Resource Center, Inc.
Aetna Health Inc. (Michigan)	Health Data & Management Solutions, Inc.
Aetna Health Inc. (New Jersey)	Health Re, Incorporated
Aetna Health Inc. (New York)	HealthAssurance Pennsylvania, Inc.
Aetna Health Inc. (Pennsylvania)	Managed Care Coordinators, Inc.
Aetna Health Inc. (Texas)	Medicity Inc.
Aetna Health Insurance Company	Mental Health Associates, Inc.
Aetna Health Insurance Company of New York	Mental Health Network of New York IPA, Inc.
Aetna Health of California, Inc.	Meritain Health, Inc.
Aetna Health of Iowa Inc. (fka Aetna Health Inc. (Iowa))	MetraComp, Inc.
Aetna Health of Utah, Inc.	MHNet Life and Health Insurance Co.
Aetna HealthAssurance Pennsylvania, Inc.	MHNet of Florida, Inc.
Aetna Insurance Company of Connecticut	Niagara Re, Inc.
Aetna Integrated Informatics, Inc.	PayFlex Holdings, Inc.
Aetna International Inc.	PayFlex Systems USA, Inc.
Aetna Ireland Inc.	Performax, Inc.
Aetna Life & Casualty (Bermuda) Ltd.	Precision Benefit Services, Inc.
Aetna Life Assignment Company	Prime Net, Inc.
Aetna Life Insurance Company	Prodigy Health Group, Inc.
Aetna Risk Assurance Company of Connecticut, Inc.	Professional Risk Management, Inc.
Aetna Student Health Agency Inc.	Resources for Living, LLC
AHP Holdings, Inc.	Schaller Anderson Medical Administrators, Incorporated
Allviant Corporation	Strategic Resource Company
American Continental Insurance Company	The Vasquez Group Inc.
	U.S. Health Care Properties, Inc.
	Work and Family Benefits, Inc.

2. As explained in Note 1, the Company participates in a tax sharing agreement with its parent and affiliates.

G. The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information concerning Parent, subsidiaries, affiliates, and other related parties

A., B. and C.

The Company paid \$2,450,000 as an ordinary dividend to its parent on November 16, 2017. The Maine Department approved this distribution on November 6, 2017. The Company did not pay any dividends in 2016. The Company did not receive any capital contributions in 2017 or 2016.

D. Amounts due to and due from affiliates shown in the accompanying Statutory Statements of Assets, Liabilities, Capital and Surplus include the Company's net receipts and disbursements processed by affiliates and transactions related to its administrative services agreement with Aetna Health Management, LLC ("AHM"), indirectly a wholly-owned subsidiary of Aetna.

At December 31, 2017 and 2016, the Company had amounts due to AHM of \$677,428 and \$1,378,047, respectively. At December 31, 2017 and 2016, the Company had no amounts due from affiliates.

The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

- E. At December 31, 2017, the Company did not have any guarantees or undertakings with its affiliates or parent company.
- F. As of and for the years ended December 31, 2017 and 2016, the Company had the following significant transactions with affiliates:

The Company and AHM are parties to an administrative services agreement, under which AHM provides certain administrative services, including accounting and processing of premiums and claims. Under this agreement, the Company remits a percentage of its earned commercial and Medicare premium revenue, as applicable, to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. Under the agreement, this true-up is due to be settled with the affiliate by April 15th of the following contract year (which is January 1 to December 31 annually). The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter. For these services, the Company was charged the following:

	2017	2016
Administrative service fee	\$10,014,917	\$8,243,507
Current year estimated accrued true-up	(125,365)	-
Total administrative service fee	\$9,889,552	\$8,243,507

This agreement also provides for interest on all intercompany balances. Interest earned on amounts due from affiliates was \$11,777 in 2017 and \$16,471 in 2016. Interest incurred on amounts due to affiliates was \$10,893 in 2017 and \$3,050 in 2016.

The Company is a party to an agreement that enables the Company to receive manufacturers' pharmacy rebates from AHM under which the Company remits a percentage of its earned pharmaceutical rebates to AHM as a fee. The Company earned pharmaceutical rebates of \$3,060,250 and \$3,032,021, which were recorded as a reduction of hospital and medical costs, in 2017 and 2016, respectively. The Company incurred pharmaceutical rebate fees, which were recorded as administrative expense, of \$306,025 in 2017 and \$283,123 in 2016. At December 31, 2017 and 2016, the Company reported \$267,843 and \$285,581, respectively, as amounts due from AHM related to pharmaceutical rebates that were reflected in health care and other amounts receivable. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The amounts reported on the Underwriting and Investment Exhibit, Part 3 represent the expenses incurred under the terms of the administrative agreement, allocated to the Company in accordance SSAP No. 70 - *Allocation of Expenses* ("SSAP No. 70"). SSAP No. 70 states "shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity. The apportionment shall be completed based upon specific identification to the entity incurring the expense. Where specific identification is not feasible, apportionment shall be based upon pertinent factors or ratios." The Company allocates these expenses based upon a percentage calculated using actual general and administrative expenses incurred by AHM.

The Company has an insolvency agreement with Aetna Health Insurance Company ("AHIC"), a wholly-owned subsidiary of Aetna. This agreement provides that in the event that the Company ceases operations or becomes insolvent, AHIC will continue to pay benefits for any members confined as inpatients on the date of insolvency until their discharge. This agreement also provides that AHIC will continue benefits for any member until the end of the contract period for which premium has been paid, but for no longer than thirty-one days. AHIC will also make available to members, for a period of thirty-one days, replacement insurance policies.

As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries. All federal income tax receivables/payables are due from/due to Aetna.

The Company has a guaranty agreement with Aetna. The agreement provides that the Company will maintain a minimum capital and surplus as required by law and any additional surplus the Superintendent of the Maine Department may require so that the Company's surplus is reasonable in relation to its outstanding liabilities. The Company is obligated to maintain the minimum capital and surplus in funds and investments which are admitted assets. The Company will maintain this minimum capital and surplus so long as it has any obligations to enrollees.

- G. All outstanding shares of the Company are owned by Aetna Health Holdings, LLC, whose ultimate parent is Aetna.

- H. At December 31, 2017, the Company did not hold any investments in any affiliate and did not own shares of any upstream intermediate of Aetna.
- I. At December 31, 2017, the Company did not hold any investments in any subsidiary, controlled or affiliated ("SCA") entity that exceeded 10% of the Company's admitted assets.
- J. At December 31, 2017, the Company did not hold any investments in any impaired SCA entity.
- K. At December 31, 2017, the Company did not hold any investments in any foreign insurance subsidiaries.
- L. At December 31, 2017, the Company did not hold any investments in a downstream noninsurance holding company.
- M and N.

At December 31, 2017, the Company did not have any SCA investments.

11. Debt

- A. The Company did not have any items related to debt, including capital notes at December 31, 2017.
- B. The Company did not have any Federal Home Loan Bank agreements at December 31, 2017.

12. Retirement plans, deferred compensation, postemployment benefits and compensated absences and other postretirement benefit plans

The Company did not have a retirement plan, deferred compensation plan, or other postretirement benefit plan at December 31, 2017 or 2015.

13. Capital and surplus, shareholders' dividend restrictions and quasi-reorganizations

- (1) The Company has 1,000,000 shares of common stock with \$1 par value authorized, issued and outstanding at December 31, 2017 and 2016.
- (2) The Company did not have any preferred stock authorized or outstanding at December 31, 2017 or 2016.
- (3) Dividend restrictions

Under the laws of the State of Maine, the Company shall not pay any extraordinary dividend or make any other extraordinary distribution until sixty days after the Maine Department has received notice of the declaration thereof and has not within such period disapproved such payment or the Maine Department has approved such payment within such sixty day period. An extraordinary dividend or distribution includes any dividend or distribution that exceeds the greater of: 10% of such insurer's surplus as regards policyholders as of December 31st of the preceding year; or the net gain from operations for the twelve month period ending December 31st of the preceding year. Ordinary dividends are ultimately limited to earned surplus.

The Company may make a non-extraordinary dividend with prior notification to the Maine Department within five business days following the declaration of any non-extraordinary dividend and at least ten days prior to the payment of any non-extraordinary dividend.

In addition, any dividend or distribution declared at any time within five years following any acquisition of control of a domestic insurer or by any person controlling that insurer is an extraordinary dividend if it has not been approved by a number of continuing directors equal to a majority of the continuing directors in office immediately preceding the acquisition of control.

- (4) The Company paid \$2,450,000 as an ordinary dividend to its parent on November 16, 2017. The Maine Department approved this distribution on November 6, 2017. The Company did not pay any dividends in 2016.
- (5) At December 31, 2017 and 2016, the portion of the Company's profits that may be paid as ordinary dividends to stockholders was \$4,588,855 and \$2,490,625, respectively.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus was being held at December 31, 2017 or 2015, except as noted in Note 21.
- (7) Not applicable to the Company.
- (8) The Company did not hold any stock for any special purposes at December 31, 2017 or 2016.
- (9) Changes in the balances of special surplus funds from the prior year are due to the accrual of estimated ACA health insurer fees reclassified from unassigned funds or surplus to aggregate write-ins for special surplus funds as discussed more fully in Note 1.C and Note 22.

- (10) At December 31, 2017 and 2016, there was no portion of unassigned funds or surplus that was represented or reduced by unrealized gains and losses.
- (11) The Company has not issued any surplus notes or debentures or similar obligations at December 31, 2017 or 2016.
- (12) The Company did not participate in any quasi-reorganizations during the statement year.
- (13) The Company did not participate in any quasi-reorganizations in the past 10 years.

14. Contingencies

- A. The Company did not have any contingent commitments at December 31, 2017 or 2016.
- B. The Company did not have any contingent assessments at December 31, 2017 or 2016.
- C. The Company did not have any gain contingencies at December 31, 2017 or 2016.
- D. The Company did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits at December 31, 2017 or 2016.
- E. The Company did not have any joint and several liability arrangements at December 31, 2017 or 2016.
- F. Various liabilities arise in the normal course of the Company's business and have been recorded. In the opinion of management, any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position. The Company, to the best of its knowledge, has no assets that it considers impaired that are not already recorded in the Company's books. The Company has coverage for certain litigation exposures (\$10,000,000 per claim and in the aggregate including defense costs) through an unaffiliated insurance company.

15. Leases

The Company did not have any material lease obligations at December 31, 2017 or 2016.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk

The Company did not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk at December 31, 2017 or 2016.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

A. Transfers of receivables reported as sales

- (1) The Company did not have any transfers of receivables as sales for the years ending December 31, 2017 and 2016.

B. Transfer and servicing of financial assets

- (1) The Company's policy for requiring collateral or other security for security lending transactions as required in SSAP No. 103R is discussed in Note 1. Excludes repurchase and reverse repurchase transactions as discussed in Notes 5.F. through 5.I. The Company did not have any loaned securities at December 31, 2017 and 2016.

(2) and (3)

The Company did not have any servicing assets or liabilities at December 31, 2017 or 2016.

- (4) The Company did not have any securitized financial assets at December 31, 2017 or 2016.
- (5) The Company did not have any transfers of financial assets at December 31, 2017 or 2016.
- (6) The Company did not have any transfers of receivables with recourse at December 31, 2017 or 2016.
- (7) The Company did not have any repurchase or reverse repurchase agreements at December 31, 2017 or 2016.

C. Wash sales

- (1) The Company did not have any wash sales for the years ending December 31, 2017 or 2016.

18. Gain or loss to the HMO from uninsured plans and the uninsured portion of partially insured plans

- A. The Company did not serve as an Administrative Services Only for uninsured accident and health plans or the uninsured portion of partially insured plans for the period ended December 31, 2017.
- B. The Company did not serve as an Administrative Services Contract plan administrator for uninsured accident and health plans or the uninsured portion of partially insured plans for the period ended December 31, 2017.
- C. Medicare or other similarly structured cost based reimbursement contract

The Company reports items related to its Medicare product offerings due from (to) CMS as amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans on the Statutory Statements of Assets, Liabilities, Capital and Surplus, as per SSAP No. 47 - *Uninsured Plans*. At December 31, 2017, the Company had low-income subsidy (cost sharing portion) and CMS coverage gap discount receivables of \$117,883 and reinsurance payment payables and low-income subsidy (cost sharing portion) payable of \$293,744. At December 31, 2016, the Company had low-income subsidy (cost sharing portion) receivables of \$13,464 and CMS coverage gap discount and reinsurance payment payables of \$839,302.

19. Direct premium written/produced by managing general agents/third party administrators

The Company did not have any material direct premiums written through/produced by managing general agents or third party administrators for the years ended December 31, 2017 and 2016.

20. Fair value measurements

- A. and B.

The Company had no material assets or liabilities measured and reported at fair value at December 31, 2017 or 2016.

- C. Certain of the Company's financial instruments are measured at fair value in the financial statements. The fair values of these instruments are based on valuations that include inputs that can be classified within one of three levels of a hierarchy established by U.S. generally accepted accounting principles. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies a financial asset or liability for each level:
 - **Level 1** – Unadjusted quoted prices for identical assets or liabilities in active markets.
 - **Level 2** – Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable markets.
 - **Level 3** – Developed from unobservable data, reflecting our own assumptions.

Financial assets and liabilities are classified based upon the lowest level of input that is significant to the valuation. When quoted prices in active markets for identical assets and liabilities are available, we use these quoted market prices to determine the fair value of financial assets and liabilities and classify these assets and liabilities as Level 1. In other cases where a quoted market price for identical assets and liabilities in an active market is either not available or not observable, we estimate fair value using valuation methodologies based on available and observable market information or by using a matrix pricing model. These financial assets and liabilities would then be classified as Level 2. If quoted market prices are not available, we determine fair value using broker quotes or an internal analysis of each investment's financial performance and cash flow projections. Thus, financial assets and liabilities may be classified in Level 3 even though there may be some significant inputs that may be observable.

The carrying values and estimated fair values of the Company's financial instruments at December 31, 2017 and 2016 were as follows:

December 31, 2017

	Aggregate fair value	Admitted assets	Level 1	Level 2	Level 3	Not practicable (carrying value)
Bonds, short-term investments and cash equivalents	\$25,207,582	\$24,957,930	\$11,285,019	\$13,922,563	-	-
Total	\$25,207,582	\$24,957,930	\$11,285,019	\$13,922,563	-	-

December 31, 2016

	Aggregate fair value	Admitted assets	Level 1	Level 2	Level 3	Not practicable (carrying value)
Bonds, short-term investments and cash equivalents	\$24,815,199	\$24,334,744	\$13,310,327	\$11,504,872	-	-
Total	\$24,815,199	\$24,334,744	\$13,310,327	\$11,504,872	-	-

The valuation methods and assumptions used by the Company in estimating the fair value of debt securities are discussed in Note 1.

There were no material realized and unrealized capital gains, purchases, sales, settlements, or transfers into or out of the Company's Level 3 financial assets during 2017 or 2016. There were no transfers between the Company's Level 1 or 2 financial assets during 2017 or 2016.

In evaluating the Company's management of interest rate and liquidity risk and currency exposures, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

D. The Company did not have any financial instruments where it was not practicable to estimate the fair value.

21. Other items

A. Extraordinary items

The Company did not have any extraordinary items for the years ended December 31, 2017 and 2016.

B. Troubled debt restructuring: debtors

The Company did not have any troubled debt restructuring in the years ended December 31, 2017 and 2016.

C. Other disclosures and unusual items

(1) Minimum capital and surplus

Under the laws of the State of Maine, the Company is required to maintain a minimum capital and surplus equal to the greater of (1) \$1,000,000; (2) 2% of the annual premium revenues as reported by the Company on its most recent annual financial statement filed with the Superintendent for the first \$150,000,000 of premium reported and 1% of the annual premium in excess of the first \$150,000,000 of premium reported; (3) an amount equal to the sum of three months of uncovered health care expenditures as reported on the financial statement covering the Company's immediately preceding fiscal year as filed with the superintendent; or (4) an amount equal to the sum of 8% of the annual health care expenditures, except those paid on a capitated basis as reported on the financial statement covering the Company's immediately preceding fiscal year as filed with the superintendent. At December 31, 2017 and 2016, the Company's capital and surplus exceeded all such requirements.

The NAIC and the State of Maine adopted risk-based capital ("RBC") standards for health organizations, including HMOs, that are designed to identify weakly capitalized companies by comparing each company's adjusted capital and surplus to its required capital and surplus (the "RBC Ratio"). The RBC Ratio is designed to reflect the risk profile of the company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC Ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2017 and 2016, the Company had capital and surplus that exceeded the highest threshold specified by the RBC rules.

(2) Health Care Reform

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (as amended, collectively, "Health Care Reform" or "ACA"), has made broad-based changes to the U.S. health care system. On January 20, 2017, the President signed an executive order that gives the regulatory agencies that enforce the ACA the authority to interpret regulations issued under the ACA in a way that limits fiscal burdens on states and financial or regulatory burdens on individuals, providers, health insurers and others. The practical implications of that order are unclear, and the future of the ACA is uncertain. While we anticipate continued efforts in 2018 and beyond to modify, repeal or replace the ACA, the Company expects aspects of the ACA to continue to significantly impact the Company's business operations and operating results, including the Company's pricing, medical benefit ratios and the geographies in which the Company's products are available. Health Care Reform has presented the

Company with business opportunities, but also with financial and regulatory challenges. Most of the ACA's key components were phased in during or prior to 2014, including Public Exchanges, required minimum MLRs in commercial and Medicare products, the individual coverage mandate, guaranteed issue, rating limits in individual and small group products, significant new industry-wide fees, assessments and taxes, enhanced premium rate review and disclosure processes, reduced Medicare Advantage payment rates to insurers, and linking Medicare Advantage payments to a plan's CMS quality performance ratings or "star ratings." The effects of these changes are reflected in the Company's operating results. If the ACA is not amended, repealed or replaced, certain of its components will continue to be phased in until 2022.

The Company expects to continue to dedicate significant resources and incur significant expenses during 2018 to comply with Health Care Reform as currently enacted and implement and comply with changes in Health Care Reform as well as state level health care reform. While most of the significant aspects of Health Care Reform became effective during or prior to 2014, parts of Health Care Reform continue to evolve through the promulgation of executive orders, regulations and guidance. Additional changes to Health Care Reform and those regulations and guidance at the federal and/or state level are likely, and those changes are likely to be significant. Growing state and federal budgetary pressures make it more likely that any changes, including changes at the state level in response to changes to, or repeal or replacement of, Health Care Reform and/or changes in the funding levels and/or payment mechanisms of federally supported benefit programs, will be adverse to us. Given the inherent difficulty of foreseeing the nature and scope of future changes to Health Care Reform and how states, businesses and individuals will respond to those changes, the Company cannot predict the impact to the Company of future changes to Health Care Reform. It is reasonably possible that repeal or replacement of or other changes to Health Care Reform and/or states' responses to such changes, in the aggregate, could have a significant adverse effect on the Company's business operations and financial results.

Potential repeal of Health Care Reform, ongoing legislative, regulatory and administrative policy changes to Health Care Reform, the results of congressional and state level elections, pending litigation challenging aspects of the law or funding for the law and federal budget negotiations continue to create uncertainty about the ultimate impact of Health Care Reform. Examples of recent administrative policy, legislative and regulatory changes include: the January 2018 suspension of the health insurer fee for 2019 and delay of the "Cadillac" tax on high-cost employer-sponsored health coverage until 2022; the December 2017 Tax Cuts and Jobs Act of 2017, which repealed Health Care Reform's individual mandate and related penalties; the January 20, 2017 and October 2017 executive orders relating to Health Care Reform; the federal government's October 12, 2017 curtailment of payments related to the Cost-Sharing Subsidy Program; the November 2016 HHS announcement that risk corridor collections for the 2015 program year would be applied first to amounts owed to plans for the 2014 program year; and the May 2016 final regulations relating to Health Care Reform's non-discrimination requirements. The pending litigation challenging Health Care Reform includes challenges by various states of the federal government's decision to curtail payments related to the Cost-Sharing Subsidy Program. The time frame for conclusion and final outcome and ultimate impact of this litigation are uncertain.

As described above, the availability of funding for Health Care Reform's temporary risk corridor program is an example of this uncertainty. The Company continues to believe that receipt of any risk corridor payment from HHS for the 2016 or 2015 program year and receipt of such payments in excess of the announced prorated amount for the 2014 program year are uncertain. At December 31, 2017, the Company had no receivable for the remaining 2014 program year prorated amount that had not been collected from HHS and had no receivable for either of the 2015 or 2016 program years. 2016 was the last program year for Health Care Reform's risk corridor program. On-going uncertainty regarding the funding of Health Care Reform-related programs and subsidies can be expected to create additional instability in the marketplace.

In addition to efforts to amend, repeal or replace Health Care Reform and the related regulations, the federal and state governments also continue to enact and seriously consider many other broad-based legislative and regulatory proposals that have had a material impact on or could materially impact various aspects of the health care and related benefits system and the Company's business. The Company cannot predict whether pending or future federal or state legislation or court proceedings, including future U.S. Congressional appropriations, will change various aspects of the health care and related benefits system or Health Care Reform or the impact those changes will have on the Company's business operations or operating results, but the effects could be materially adverse.

In addition, Health Care Reform ties a portion of each Medicare Advantage plans' reimbursement to the achievement of favorable CMS quality performance measures ("star ratings"). Since 2015, only Medicare Advantage plans with an overall star rating of four or more stars (out of five stars) are eligible for a quality bonus in their basic premium rates. As a result, the Company's Medicare Advantage plans' operating results in 2018 and going forward will be significantly affected by their star ratings.

(3) Medicare

The Company's Medicare Advantage and Standalone Prescription Drug Plan ("PDP") products are heavily regulated by CMS. The regulations and contractual requirements applicable to the Company and other private participants in Medicare programs are complex, expensive to comply with and subject to change. For example, in the second quarter of 2014, CMS issued a final rule implementing the Health

Care Reform requirements that Medicare Advantage and PDP plans report and refund to CMS overpayments that those plans receive from CMS. The precise interpretation, impact and legality of this rule are not clear and are subject to pending litigation. The Company has invested significant resources to comply with Medicare standards, and the Company's Medicare compliance efforts will continue to require significant resources. CMS may seek premium and other refunds, prohibit the Company from continuing to market and/or enroll members in or refuse to passively enroll members in one or more of the Company's Medicare or Medicare-Medicaid demonstration (historically known as "dual eligible") plans, exclude the Company from participating in one or more Medicare, dual eligible or dual eligible special needs plan programs and/or institute other sanctions and/or civil monetary penalties against the Company if the Company fails to comply with CMS regulations or the Company's Medicare contractual requirements.

- D. The Company did not have any business interruption insurance recoveries for the years ending December 31, 2017 or 2016.
- E. The Company did not have any transferable and non-transferable state tax credits for the years ending December 31, 2017 or 2016.
- F. The Company did not have any subprime mortgage related risk exposures at December 31, 2017 or 2016.
- G. The Company did not have any retained assets at December 31, 2017 or 2016.
- H. The Company did not have any insurance-linked securities ("ILS") contracts at December 31, 2017 or 2016.

22. Events subsequent

A. Type I - Recognized subsequent events

Subsequent events have been considered through February 27, 2018 for the statutory statement issued on March 1, 2018.

The Company had no known reportable recognized subsequent events.

B. Type II - Nonrecognized subsequent events

Subsequent events have been considered through February 27, 2018 for the statutory statement issued on March 1, 2018.

On January 1, 2018, the Company will be subject to an annual fee under Section 9010 of the Federal Affordable Care Act ("ACA"). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2018 to be \$1,564,000. This amount is reflected in special surplus. This assessment is expected to impact risk based capital ("RBC") by 9%. Reporting the ACA assessment as of December 31, 2017, would not have triggered an RBC action level.

In December 2015, the Consolidated Appropriation Act was enacted, which included a one year suspension of the annual fee for 2017. Accordingly, there was no annual health insurance industry fee payable on September 30, 2017 and there were no amounts reflected in the Company's aggregate write-ins for special surplus funds related to this payable at December 31, 2016 as a result. There was also no resulting impact to the Company's RBC to assess as of December 31, 2016 as a result of this suspension.

In January 2018, the annual fee was suspended for 2019.

	Current year	Prior year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	Yes	
B. ACA fee assessment payable for upcoming year	\$1,564,000	-
C. ACA fee assessment paid	-	\$1,462,964
D. Premium written subject to ACA 9010 assessment	\$79,227,901	-
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$17,547,156	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$15,983,156	
G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)	\$2,879,484	
H. Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?	No	

23. Reinsurance

Effective April 1, 2014, the Company entered into a quota share reinsurance agreement with Fresenius Medical Care Reinsurance Company (Cayman) LTD (“Fresenius”), an affiliate of Fresenius Medical Care Holdings, Inc., covering Medicare Advantage Plans. Under this agreement, the Company will cede to Fresenius and Fresenius shall reinsure 100% of eligible expenses incurred per program participant per agreement year. The Company paid reinsurance premiums of \$200,158 and \$231,590 in 2017 and 2016, respectively, related to this agreement. The Company realized net reinsurance recoveries of \$204,550 and \$280,133 in 2017 and 2016, respectively, related to this agreement.

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
If yes, give full details.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes (X) No ()
If yes, give full details.

Fresenius is located in the Cayman Islands and is an affiliate of Fresenius Medicare Care Holdings, Inc. (not primarily engaged in the insurance business).

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premium or other similar credit?
Yes () No (X)
- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ N/A.
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ N/A.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the insurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ 0

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credit, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ N/A

- B. The Company did not have uncollectible reinsurance at December 31, 2017.
- C. The Company did not have any commutation of ceded reinsurance at December 31, 2017.
- D. The Company's certified reinsurer's rating has not been downgraded or its status subject to revocation at December 31, 2017.

24. Retrospectively rated contracts and contracts subject to redetermination

- A. Through annual contracts with CMS, the Company offers HMO plans for Medicare-eligible individuals through the Medicare Advantage program. Members typically receive enhanced benefits over standard Medicare fee-for-service coverage, including reduced cost-sharing for preventative care, vision and other non-Medicare services. Members also typically receive coverage for certain prescription drugs, usually subject to a deductible, co-insurance and/or co-payment. The revenues ultimately received by the Company for each member are based on that member's health status and demographic characteristics, as determined via the CMS risk adjustment process, under which the Company regularly submits risk adjustment data to CMS. As such, at December 31, 2017 the Company records a receivable for future revenues that it expects to receive from CMS in the third quarter of 2018, after the final reconciliation of risk adjustment data for contract year 2017 is complete. The Company estimates this receivable by taking into account risk adjustment data for contract year 2017 submitted to CMS prior to December 31, 2017, as well as its estimate of the impact of risk adjustment data for contract year 2016 that will be submitted prior to the appropriate regulatory deadline in early 2018. These amounts are recognized in 2016 as premiums under contracts subject to redetermination. In addition, the Company's Medicare Advantage contracts are subject to retrospective rating provisions under which the Company and CMS share in amounts above and below agreed-upon target medical benefit ratios.
- B. These accrued retrospective premiums, if any, are recorded through premiums and are estimated based on calculations that compare the Company's expected financial results for the contract against the appropriate medical benefit ratio target. The Company had net premiums written of \$55,191,307 and \$55,470,693 related to its agreements with CMS for the years ended December 31, 2017 and 2016, respectively, representing 70% for 2017 and 74% for 2016 of total premium revenue. The Company had net premiums receivable of \$1,977,782 and \$1,347,363 related to its agreements with CMS at December 31, 2017 and 2016, respectively, representing 90% in 2017 and 89% in 2016 of total premiums receivable.

C. Contracts subject to redetermination

The Company did not have any contracts subject to redetermination in 2017 or 2016.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act

The Company is required to make premium rebate payments to customers that are enrolled under certain health insurance policies if specific minimum annual MLR are not met in the prior year. The Company did not have any minimum MLR rebates for the full-year 2017 and 2016.

	Individual	Small group employer	Large group employer	Other categories with rebates	Total
Prior reporting year					
(1) Medical loss ratio rebates incurred	-	\$8,674	-	-	\$8,674
(2) Medical loss ratio rebates paid	-	\$8,974	-	-	\$8,674
(3) Medical loss ratio rebates unpaid	-	-	-	-	-
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-
Current reporting year-to-date					
(7) Medical loss ratio rebates incurred	-	\$9,542	-	\$1,228,774	\$1,238,316
(8) Medical loss ratio rebates paid	-	-	-	-	-
(9) Medical loss ratio rebates unpaid	-	\$9,542	-	\$1,228,774	\$1,238,316
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$1,238,316

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the ACA risk sharing provisions (YES/NO)? Yes

Line items below where the amount is zero are due to no activity as of the reporting date.

- (2) Impact of Risk Sharing Provisions of the ACA on Admitted Assets, Liabilities and Revenue and Expenses for the Current Year:

	Amount
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$11,622
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$3,947
3. Premium adjustments payable due to ACA Risk Adjustment	\$781,458
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$(153,567)
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$3,806
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$15,734
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	-
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-

	Amount
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance not reported as ceded premium	-
5. Ceded reinsurance premiums payable due to ACA Reinsurance	-
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	-
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	-
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$69,598
9. ACA Reinsurance contributions - not reported as ceded premium	-
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	-
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits	-
(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.	

	Accrued during the prior year on business written before December 31 of the prior year		Received or paid as of the current year on business written before December 31 of the prior year	
	1	2	3	4
	Receivable	(Payable)	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program				
1. Premium adjustments receivable	-	-	-	-
2. Premium adjustments (payable)	-	\$1,140,913	-	\$524,644
3. Subtotal ACA Permanent Risk Adjustment Program	-	\$1,140,913	-	\$524,644
b. Transitional ACA Reinsurance Program				
1. Amounts recoverable for claims paid	\$32,538	-	\$86,402	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-
4. Liabilities for contributions payable due to ACA reinsurance - not reported as ceded premium	-	\$24,289	-	\$24,289
5. Ceded reinsurance premiums payable	-	-	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-
7. Subtotal ACA Transitional Reinsurance Program	\$32,538	\$24,289	\$86,402	\$24,289
c. Temporary ACA Risk Corridors Program				
1. Accrued retrospective premium	-	-	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-
d. Total for ACA Risk Sharing Provisions	\$32,538	\$1,165,202	\$86,402	\$548,933

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

		Differences		Adjustments		
		Prior year accrued less payments (Col 1 - 3)	Prior year accrued less payments (Col 2 - 4)	To prior year balances	To prior year balances	
		5	6	7	8	
		Receivable	(Payable)	Receivable	(Payable)	Ref
a.	Permanent ACA Risk Adjustment Program					
	1. Premium adjustments receivable	-	-	-	-	N/A
	2. Premium adjustments (payable)	-	\$616,269	-	\$(616,269)	A
	3. Subtotal ACA Permanent Risk Adjustment Program	-	\$616,269	-	\$(616,269)	
b.	Transitional ACA Reinsurance Program					
	1. Amounts recoverable for claims paid	\$(53,864)	-	\$69,598	-	B
	2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	N/A
	3. Amounts receivable relating to uninsured plans	-	-	-	-	N/A
	4. Liabilities for contributions payable due to ACA reinsurance - not reported as ceded premium	-	-	-	-	N/A
	5. Ceded reinsurance premiums payable	-	-	-	-	N/A
	6. Liability for amounts held under uninsured plans	-	-	-	-	N/A
	7. Subtotal ACA Transitional Reinsurance Program	\$(53,864)	-	\$69,598	-	
c.	Temporary ACA Risk Corridors Program					
	1. Accrued retrospective premium	-	-	-	-	N/A
	2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	N/A
	3. Subtotal ACA Risk Corridors Program	-	-	-	-	
d.	Total for ACA Risk Sharing Provisions	\$(53,864)	\$616,269	\$69,598	\$(616,269)	

Unsettled balances as of the reporting date	
Cumulative balance from prior years (col 1 - 3 + 7)	Cumulative balance from prior years (col 2 - 4 + 8)
9	10
Receivable	(Payable)

a. Permanent ACA Risk Adjustment Program			
1. Premium adjustments receivable	-	-	
2. Premium adjustments (payable)	-	-	
3. Subtotal ACA Permanent Risk Adjustment Program	-	-	
b. Transitional ACA Reinsurance Program			
1. Amounts recoverable for claims paid	\$15,734	-	
2. Amounts recoverable for claims unpaid (contra liability)	-	-	
3. Amounts receivable relating to uninsured plans	-	-	
4. Liabilities for contributions payable due to ACA reinsurance - not reported as ceded premium	-	-	
5. Ceded reinsurance premiums payable	-	-	
6. Liability for amounts held under uninsured plans	-	-	
7. Subtotal ACA Transitional Reinsurance Program	\$15,734	-	
c. Temporary ACA Risk Corridors Program			
1. Accrued retrospective premium	-	-	
2. Reserve for rate credits or policy experience rating refunds	-	-	
3. Subtotal ACA Risk Corridors Program	-	-	
d. Total for ACA Risk Sharing Provisions	\$15,734	-	

(4) Roll-forward of Risk Corridor asset and liability balances by program benefit year.

	Accrued during the prior year on business written before December 31 of the prior year		Received or paid as of the current year on business written before December 31 of the prior year	
	1	2	3	4
	Receivable	Payable	Receivable	Payable
a. 2014				
1. Accrued retrospective premium	-	-	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-
b. 2015				
1. Accrued retrospective premium	-	-	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-
c. 2016				
1. Accrued retrospective premium	-	-	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-
d. Total for Risk Corridors	-	-	-	-

	Differences		Adjustments		Ref
	Prior year accrued less payments (Col 1 - 3)	Prior year accrued less payments (Col 2 - 4)	To prior year balances	To prior year balances	
	5	6	7	8	
	Receivable	Payable	Receivable	Payable	
a. 2014					
1. Accrued retrospective premium	-	-	-	-	N/A
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-	N/A
b. 2015					
1. Accrued retrospective premium	-	-	-	-	N/A
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-	N/A
c. 2016					
1. Accrued retrospective premium	-	-	-	-	N/A
2. Reserve for rate credits for policy experience rating refunds	-	-	-	-	N/A
d. Total for Risk Corridors	-	-	-	-	

	Unsettled balances as of the reporting date	
	Cumulative balance from prior years (col 1 - 3 + 7)	Cumulative balance from prior years (col 2 - 4 + 8)
	9	10
	Receivable	Payable
a. 2014		
1. Accrued retrospective premium	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-
b. 2015		
1. Accrued retrospective premium	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-
c. 2016		
1. Accrued retrospective premium	-	-
2. Reserve for rate credits for policy experience rating refunds	-	-
d. Total for Risk Corridors	-	-

Explanations of adjustments

- A. Due to updates to the data available to the Company to calculate the risk adjustment.
- B. Due to additional claims run-out after the December 31, 2016 period.

(5) ACA Risk Corridors Receivable as of reporting date.

		1	2	3
		Estimated amount to	Non-accrued amounts	Amounts received
		be filed or final	for impairment or	from CMS
		amount filed with CMS	other reasons	
		Risk Corridors		
		program year		
a.	2015	-	-	-
b.	2016	-	-	-
c.	2017	-	-	-
d. Total (a+b+c)		-	-	-

		4	5	6
		Asset balance (gross	Non-admitted	Net admitted asset
		of non-admissions)	amount	
		(1-2-3)		(4-5)
		Risk Corridors		
		program year		
a.	2015	-	-	-
b.	2016	-	-	-
c.	2017	-	-	-
d. Total (a+b+c)		-	-	-

25. Change in incurred claims and claims adjustment expense

The following table shows the components of the change in claims unpaid, unpaid claims adjustment expense and aggregate health claim reserves for the years ended December 31, 2017 and 2016.

	2017	2016
Balance, January 1	\$8,580,766	\$8,516,022
Health care receivable	(285,581)	(261,914)
Balance, January 1, net of health care receivable	8,295,185	8,254,108
Incurred related to:		
Current year	64,725,549	66,345,156
Prior years	(2,258,512)	(2,086,844)
Total incurred	62,467,037	64,258,312
Paid related to:		
Current year	57,033,020	58,214,513
Prior years	5,675,973	6,002,722
Total paid	62,708,993	64,217,235
Balance, December 31, net of health care receivable	8,053,229	8,295,185
Health care receivable	267,843	285,581
Balance, December 31	\$8,321,072	\$8,580,766

In 2017, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by \$2,258,512 from \$8,580,766 in 2016 to \$6,322,254 in 2017. In 2016, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by \$2,086,844 from \$8,516,022 in 2015 to \$6,429,178 in 2016. The lower than anticipated health care cost trend rates observed in 2017 and 2016 for claims incurred in 2016 and 2015 were due to moderating outpatient and physician trends and faster than expected claim payment speed. The Company considers historical trend rates together with knowledge of recent events that may impact current trends when developing estimates of current trend rates. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Historical health care cost trend rates are not necessarily representative of current trends. The Company experienced \$1,889,428 of favorable prior year claim development on retrospectively rated policies, which is included in the net 2017 decrease. However, the business to which it relates is subject to premium adjustments.

Net coordination of benefits are implicit in the claims incurred but not reported calculation and could not be specifically identified.

26. Intercompany pooling arrangements

The Company did not have any intercompany pooling arrangements at December 31, 2017 or 2016.

27. Structured settlements

Not applicable to health entities.

28. Health care receivables

A. Pharmaceutical rebate receivables

The Company receives pharmaceutical rebates through an agreement with AHM. AHM has contractual agreements with pharmaceutical companies for rebates, which cover the Company's membership as well as the membership of other Aetna affiliates. The Company receives those rebates from AHM that relate to the Company's membership. The Company estimates pharmaceutical rebate receivables based upon the historical payment trends, actual utilization and other variables. Actual rebates collected are applied to the collection periods below, using a first in, first out methodology. At December 31, 2017 and 2016, the Company had pharmaceutical rebate receivables of \$267,843 and \$285,581, respectively (refer to the Company's accounting practices related to pharmaceutical rebate receivables in Note 1).

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmaceutical rebates discussed in Note 10.

Quarter	Estimated pharmacy rebates as reported on financial statements	Pharmacy rebates as invoiced/ confirmed	Actual rebates collected within 90 days of invoicing/ confirmation	Actual rebates collected within 91 to 180 days of invoicing/ confirmation	Actual rebates collected more than 180 days after invoicing/ confirmation
12/31/2017	\$805,351	-	\$515,912 ¹	-	-
9/30/2017	\$723,338	\$816,734	\$822,878	-	-
6/30/2017	\$770,151	\$793,495	\$801,982	-	-
3/31/2017	\$707,737	\$679,653	\$686,000	-	-
12/31/2016	\$764,227	\$729,862	\$729,862	-	-
9/30/2016	\$779,817	\$800,356	\$800,356	-	-
6/30/2016	\$778,031	\$758,137	\$758,137	-	-
3/31/2016	\$722,094	\$679,569	\$679,569	-	-
12/31/2015	\$733,493	\$763,225	\$763,225	-	-
9/30/2015	\$730,015	\$748,809	\$748,809	-	-
6/30/2015	\$697,810	\$695,858	\$695,858	-	-
3/31/2015	\$754,866	\$699,833	\$699,833	-	-

¹ Represents a portion of the estimated rebates for the quarter ending December 31, 2017, which were paid by AHM to the Company prior to December 31, 2017 and invoicing in 2018.

B. Risk sharing receivables

The Company did not have any admitted risk sharing receivables at December 31, 2017 or 2016.

29. Participating policies

The Company did not have any participating policies at December 31, 2017 or 2016.

30. Premium deficiency reserves

December 31, 2017

- | | |
|-------------------------------------------------------------------|------------|
| 1. Liability carried for premium deficiency reserves | \$0 |
| 2. Date of the most recent evaluation of this liability | 12/31/2017 |
| 3. Was anticipated investment income utilized in the calculation? | Yes |

31. Anticipated salvage and subrogation

See discussion of hospital and medical costs and claims adjustment expenses and related reserves in Note 1.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Maine

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/30/2015

3.4

By what department or departments?
Maine Bureau of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control;
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

0.0 %

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
.....

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
.....				

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main Street, Hartford, CT 06103
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []
- 10.6

If the response to 10.5 is no or n/a, please explain
.....
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William R. Jones, FSA, MAAA; 151 Farmington Avenue, RE2R; Hartford, CT 06156
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved

0
- 12.13

Total book/adjusted carrying value

\$0
- 12.2

If, yes provide explanation:
.....
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is No, please explain:
.....
- 14.2

Has the code of ethics for senior managers been amended?

Yes [X] No []
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
No substantive changes were made. Minor changes include: 1) Changes to reflect the Company's current branding initiatives (i.e., "You Don't Join Us, We Join You") and mission statement (i.e., "to build a healthier world"); 2) A clarification of the difference between fraud, waste and abuse; 3) The addition of explicit reference to the UK Modern Slavery Act of 2015 in the list of laws applicable to government contracting; 4) Updates to the list of awards and recognitions received by the Company; and 5) A new section on "Diversity and Inclusion at Aetna" that replaced the previous section on "Diversity at Aetna".
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes ☐ No ☒
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ No ☐
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes ☒ No ☐
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes ☒ No ☐

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ☐ No ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers\$0

20.12 To stockholders not officers\$0

20.13 Trustees, supreme or grand (Fraternal Only)\$0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers\$0

20.22 To stockholders not officers\$0

20.23 Trustees, supreme or grand (Fraternal Only)\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others\$0

21.22 Borrowed from others\$0

21.23 Leased from others\$0

21.24 Other\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ☒ No ☐
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment\$0

22.22 Amount paid as expenses\$6,474

22.23 Other amounts paid\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☐ No ☒
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes ☒ No ☐
- 24.02 If no, give full and complete information relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) N/A
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes ☐ No ☐ N/A ☒
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.\$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.\$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ☐ No ☐ N/A ☒
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☐ No ☐ N/A ☒
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes ☐ No ☐ N/A ☒

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.103	Total payable for securities lending reported on the liability page.	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes [X] No []

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	0
		25.22 Subject to reverse repurchase agreements	\$	0
		25.23 Subject to dollar repurchase agreements	\$	0
		25.24 Subject to reverse dollar repurchase agreements	\$	0
		25.25 Placed under option agreements	\$	0
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	0
		25.27 FHLB Capital Stock	\$	0
		25.28 On deposit with states	\$	401,538
		25.29 On deposit with other regulatory bodies	\$	0
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	0
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	0
		25.32 Other	\$	0

25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
State Street Bank and Trust Company	State Street Financial Center; One Lincoln Street; Boston, MA 02111-2900

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
All agreements comply.		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Kevin J. Casey as Sr. Investment Officer	A.....
.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?..... Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
N/A	Kevin J. Casey	N/A	Not registered	NO.....
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	24,957,930	25,207,582	249,652
30.2 Preferred stocks	0	0	0
30.3 Totals	24,957,930	25,207,582	249,652

30.4 Describe the sources or methods utilized in determining the fair values:

Fair value of long term bonds and preferred stocks are determined based on quoted market prices when available, fair values using valuation methodologies based on available and observable market information, or by using matrix pricing. If quoted market prices are not available, we determine fair value using broker quoted or an internal analysis of each investment's financial performance and cash flow projections. Short-term investments are carried at amortized cost which approximated fair value. The carrying value of cash equivalents approximated fair value.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist.
 - b. Issuer or obligor is current on all contracted interest and principal payments.
 - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$5,722

34.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Council For Affordable Quality Healthcare .....	.....3,799
.....

35.1 Amount of payments for legal expenses, if any?\$34,753

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Gibson Dunn Crutcher .....	.....34,546
.....

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U.S. business only.

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

79,027,743

75,287,314

2.2

Premium Denominator

79,027,743

75,287,314

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

10,147,018

9,687,812

2.5

Reserve Denominator

10,147,018

9,687,812

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2

If no, explain:
The Company does not have stop-loss reinsurance.

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 0

5.32

Medical Only

\$ 0

5.33

Medicare Supplement

\$ 0

5.34

Dental & Vision

\$ 0

5.35

Other Limited Benefit Plan

\$ 0

5.36

Other

\$ 0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Provider contracts contain hold harmless and continuity of coverage provisions. In addition, the HMO maintains an insolvency protection agreement with an affiliate of the HMO.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

11,115

8.2

Number of providers at end of reporting year

11,740

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months.

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []
- 10.2 If yes:

10.21 Maximum amount payable bonuses.....\$0

10.22 Amount actually paid for year bonuses.....\$703,267

10.23 Maximum amount payable withholds.....\$0

10.24 Amount actually paid for year withholds.....\$0
- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or, . Yes [X] No []

11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Maine
- 11.4 If yes, show the amount required.\$5,758,968
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation
See Notes to Financial Statement - Note 21, Other Items, C., Other Disclosures.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
The Company is licensed in every county in the State of Maine.
.....

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date.\$0
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date.\$0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]
- 14.2 If the answer to 14.1 is yes, please provide the following:

1	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
Company Name						
.....						

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1 Direct Premium Written\$0

15.2 Total Incurred Claims\$0

15.3 Number of Covered Lives0

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurantee)
Universal Life (with or without secondary gurantee)
Variable Universal Life (with or without secondary gurantee)

FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	28,861,178	27,647,958	26,219,633	27,908,162	34,153,288
2. Total liabilities (Page 3, Line 24)	11,314,022	12,125,136	13,568,143	12,238,314	20,244,901
3. Statutory minimum capital and surplus requirement	5,758,968	5,947,942	6,461,244	8,112,440	7,599,128
4. Total capital and surplus (Page 3, Line 33)	17,547,156	15,522,822	12,651,490	15,669,848	13,908,387
Income Statement (Page 4)					
5. Total revenues (Line 8)	77,806,626	75,281,057	80,083,644	104,717,067	98,278,951
6. Total medical and hospital expenses (Line 18)	61,400,790	63,020,996	69,119,757	91,062,950	84,450,948
7. Claims adjustment expenses (Line 20)	1,308,288	1,237,316	1,267,211	1,591,423	2,421,320
8. Total administrative expenses (Line 21)	9,311,687	8,985,473	10,211,496	12,084,100	11,010,883
9. Net underwriting gain (loss) (Line 24)	5,785,861	2,698,233	(1,175,781)	2,098,187	(1,640,483)
10. Net investment gain (loss) (Line 27)	603,560	550,925	550,092	718,033	(150,793)
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	4,588,855	2,502,764	(1,188,052)	2,559,654	(1,365,571)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	3,632,309	4,252,055	1,689,624	(2,650,769)	2,794,884
Risk-Based Capital Analysis					
14. Total adjusted capital	17,547,156	15,522,822	12,651,490	15,669,848	13,908,387
15. Authorized control level risk-based capital	2,879,484	2,973,971	3,230,622	4,056,220	3,799,564
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	11,167	11,242	11,729	12,582	19,302
17. Total members months (Column 6, Line 7)	133,929	133,033	137,371	205,808	210,993
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	78.9	83.7	86.3	87.0	85.9
20. Cost containment expenses	1.4	1.4	1.2	1.1	1.7
21. Other claims adjustment expenses	0.2	0.3	0.4	0.4	0.8
22. Total underwriting deductions (Line 23)	92.6	96.4	101.5	98.0	101.7
23. Total underwriting gain (loss) (Line 24)	7.4	3.6	(1.5)	2.0	(1.7)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	5,935,160	6,049,361	7,499,933	7,978,034	7,994,819
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	8,190,532	8,146,915	7,386,048	9,293,699	7,588,075
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....

Yes [] No []

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N	0	0	0	0	0	0	0
2.	Alaska	AK	N	0	0	0	0	0	0	0
3.	Arizona	AZ	N	0	0	0	0	0	0	0
4.	Arkansas	AR	N	0	0	0	0	0	0	0
5.	California	CA	N	0	0	0	0	0	0	0
6.	Colorado	CO	N	0	0	0	0	0	0	0
7.	Connecticut	CT	N	0	0	0	0	0	0	0
8.	Delaware	DE	N	0	0	0	0	0	0	0
9.	District of Columbia	DC	N	0	0	0	0	0	0	0
10.	Florida	FL	N	0	0	0	0	0	0	0
11.	Georgia	GA	N	0	0	0	0	0	0	0
12.	Hawaii	HI	N	0	0	0	0	0	0	0
13.	Idaho	ID	N	0	0	0	0	0	0	0
14.	Illinois	IL	N	0	0	0	0	0	0	0
15.	Indiana	IN	N	0	0	0	0	0	0	0
16.	Iowa	IA	N	0	0	0	0	0	0	0
17.	Kansas	KS	N	0	0	0	0	0	0	0
18.	Kentucky	KY	N	0	0	0	0	0	0	0
19.	Louisiana	LA	N	0	0	0	0	0	0	0
20.	Maine	ME	L	23,836,436	55,391,465	0	0	0	79,227,901	0
21.	Maryland	MD	N	0	0	0	0	0	0	0
22.	Massachusetts	MA	N	0	0	0	0	0	0	0
23.	Michigan	MI	N	0	0	0	0	0	0	0
24.	Minnesota	MN	N	0	0	0	0	0	0	0
25.	Mississippi	MS	N	0	0	0	0	0	0	0
26.	Missouri	MO	N	0	0	0	0	0	0	0
27.	Montana	MT	N	0	0	0	0	0	0	0
28.	Nebraska	NE	N	0	0	0	0	0	0	0
29.	Nevada	NV	N	0	0	0	0	0	0	0
30.	New Hampshire	NH	N	0	0	0	0	0	0	0
31.	New Jersey	NJ	N	0	0	0	0	0	0	0
32.	New Mexico	NM	N	0	0	0	0	0	0	0
33.	New York	NY	N	0	0	0	0	0	0	0
34.	North Carolina	NC	N	0	0	0	0	0	0	0
35.	North Dakota	ND	N	0	0	0	0	0	0	0
36.	Ohio	OH	N	0	0	0	0	0	0	0
37.	Oklahoma	OK	N	0	0	0	0	0	0	0
38.	Oregon	OR	N	0	0	0	0	0	0	0
39.	Pennsylvania	PA	N	0	0	0	0	0	0	0
40.	Rhode Island	RI	N	0	0	0	0	0	0	0
41.	South Carolina	SC	N	0	0	0	0	0	0	0
42.	South Dakota	SD	N	0	0	0	0	0	0	0
43.	Tennessee	TN	N	0	0	0	0	0	0	0
44.	Texas	TX	N	0	0	0	0	0	0	0
45.	Utah	UT	N	0	0	0	0	0	0	0
46.	Vermont	VT	N	0	0	0	0	0	0	0
47.	Virginia	VA	N	0	0	0	0	0	0	0
48.	Washington	WA	N	0	0	0	0	0	0	0
49.	West Virginia	WV	N	0	0	0	0	0	0	0
50.	Wisconsin	WI	N	0	0	0	0	0	0	0
51.	Wyoming	WY	N	0	0	0	0	0	0	0
52.	American Samoa	AS	N	0	0	0	0	0	0	0
53.	Guam	GU	N	0	0	0	0	0	0	0
54.	Puerto Rico	PR	N	0	0	0	0	0	0	0
55.	U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56.	Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57.	Canada	CAN	N	0	0	0	0	0	0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59.	Subtotal	XXX	23,836,436	55,391,465	0	0	0	0	79,227,901	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61.	Total (Direct Business)	(a) 1	23,836,436	55,391,465	0	0	0	0	79,227,901	0
DETAILS OF WRITE-INS										
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

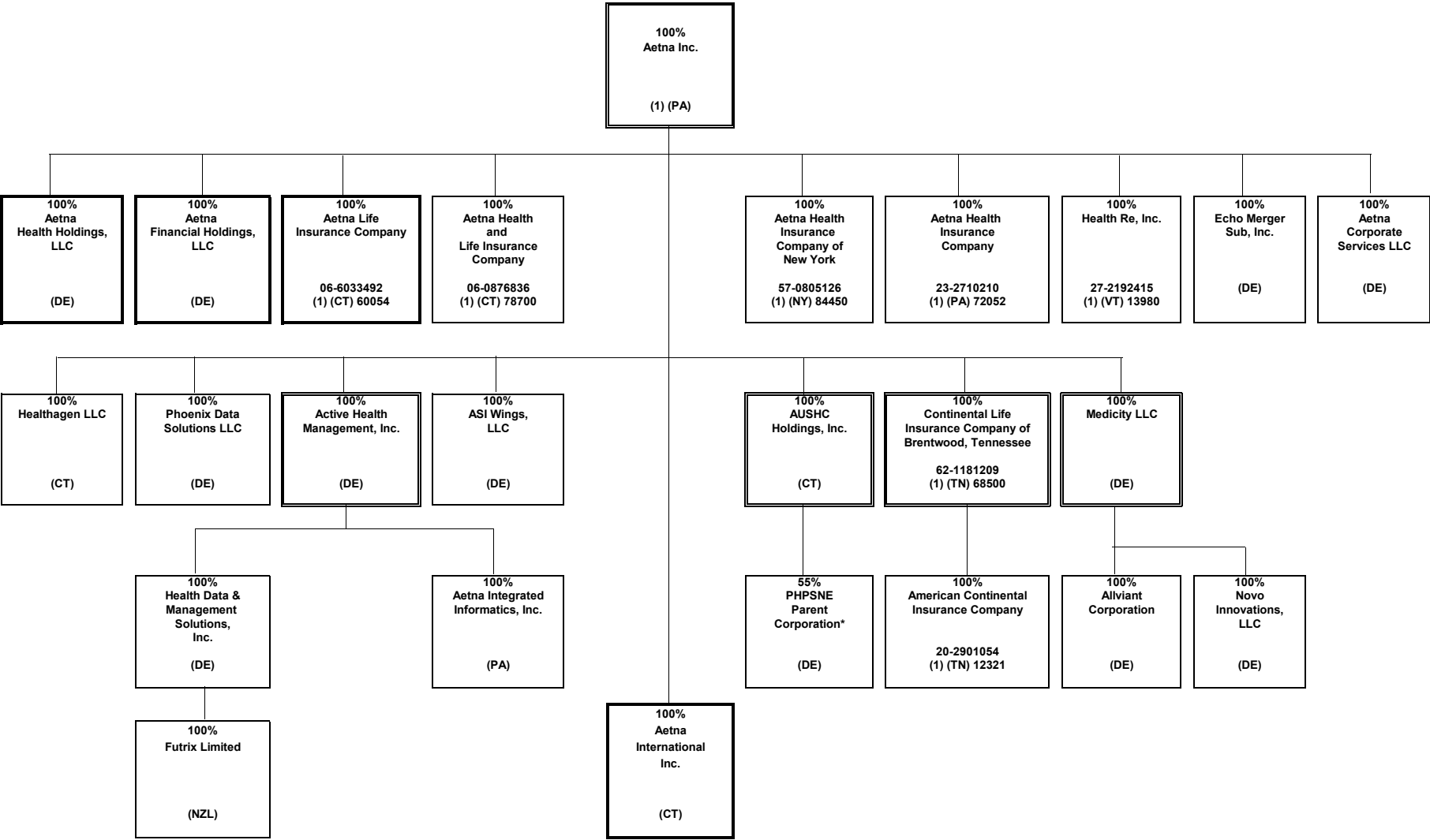
All premiums written within the State of Maine.

(a) Insert the number of L responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



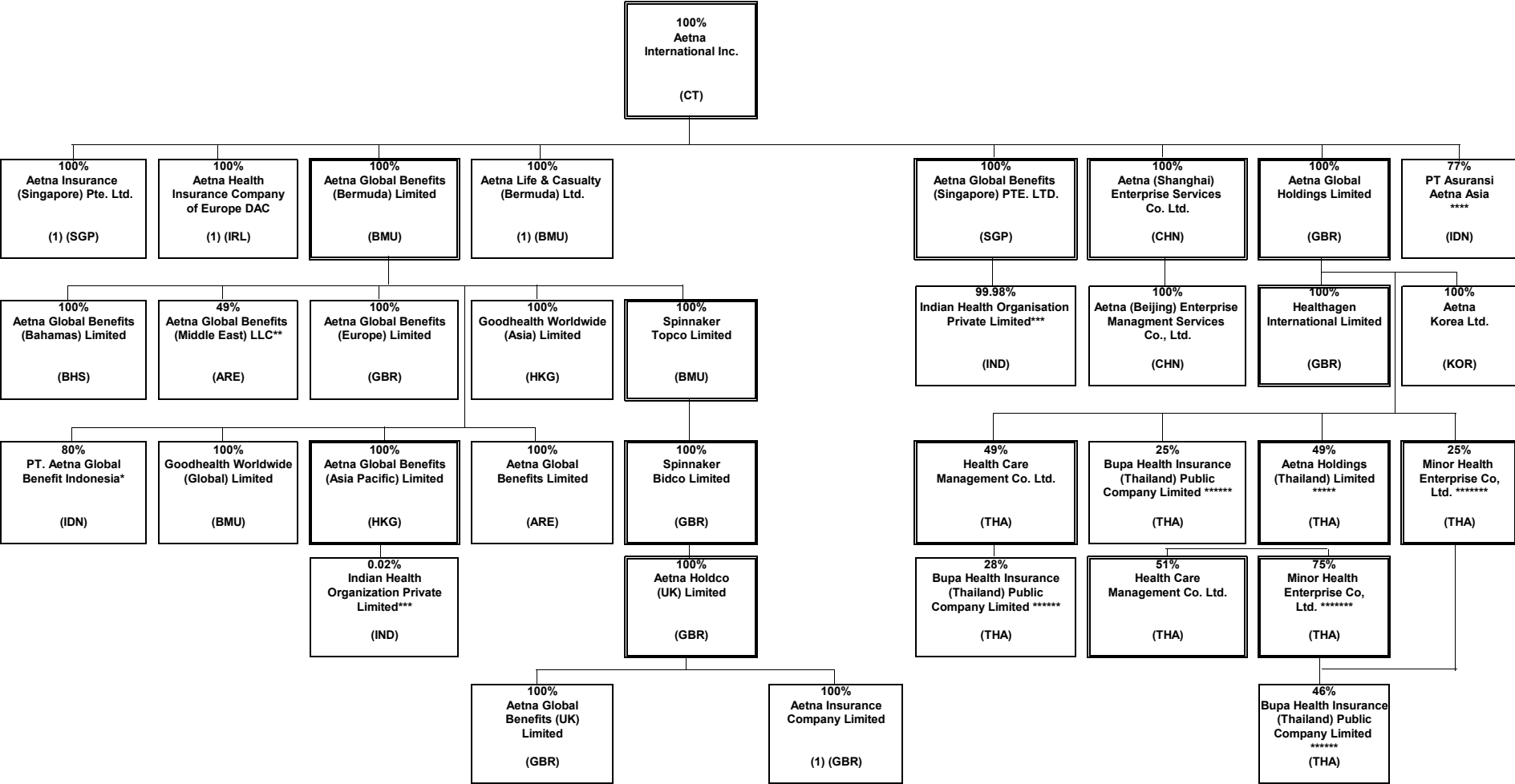
(1) Insurers/HMO's
Percentages are rounded to the nearest whole percent and based on ownership of voting rights.
Double borders indicate entity has subsidiaries shown on the same page.
Bold borders indicate entity has subsidiaries shown on a separate page.

*55% is owned by AUSHC Holdings, Inc. and 45% is owned by third parties.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



*Aetna Global Benefits Indonesia is 80% owned by Aetna Global Benefits (Bermuda) Limited and 20% is owned by Suhatsyah Rival, Aetna's Nominee.

**Aetna Global Benefits (Middle East) LLC is 49% owned by Aetna Global Benefits (Bermuda) Limited and 51% is owned by Euro Gulf LLC, Aetna's Nominee.

***Indian Health Organisation Private Limited is 0.019857% owned by Aetna Global Benefits (Asia Pacific) and 99.980143% owned by Aetna Global Benefits (Singapore) PTE. LTD.

****PT Asuransi Aetna Asia is 77% owned by Aetna International Inc. and 23% owned by PT Asuransi Central Asia.

*****Aetna Holdings (Thailand) Limited is 51% owned by Mr. Paiboon Sutantivorakoon

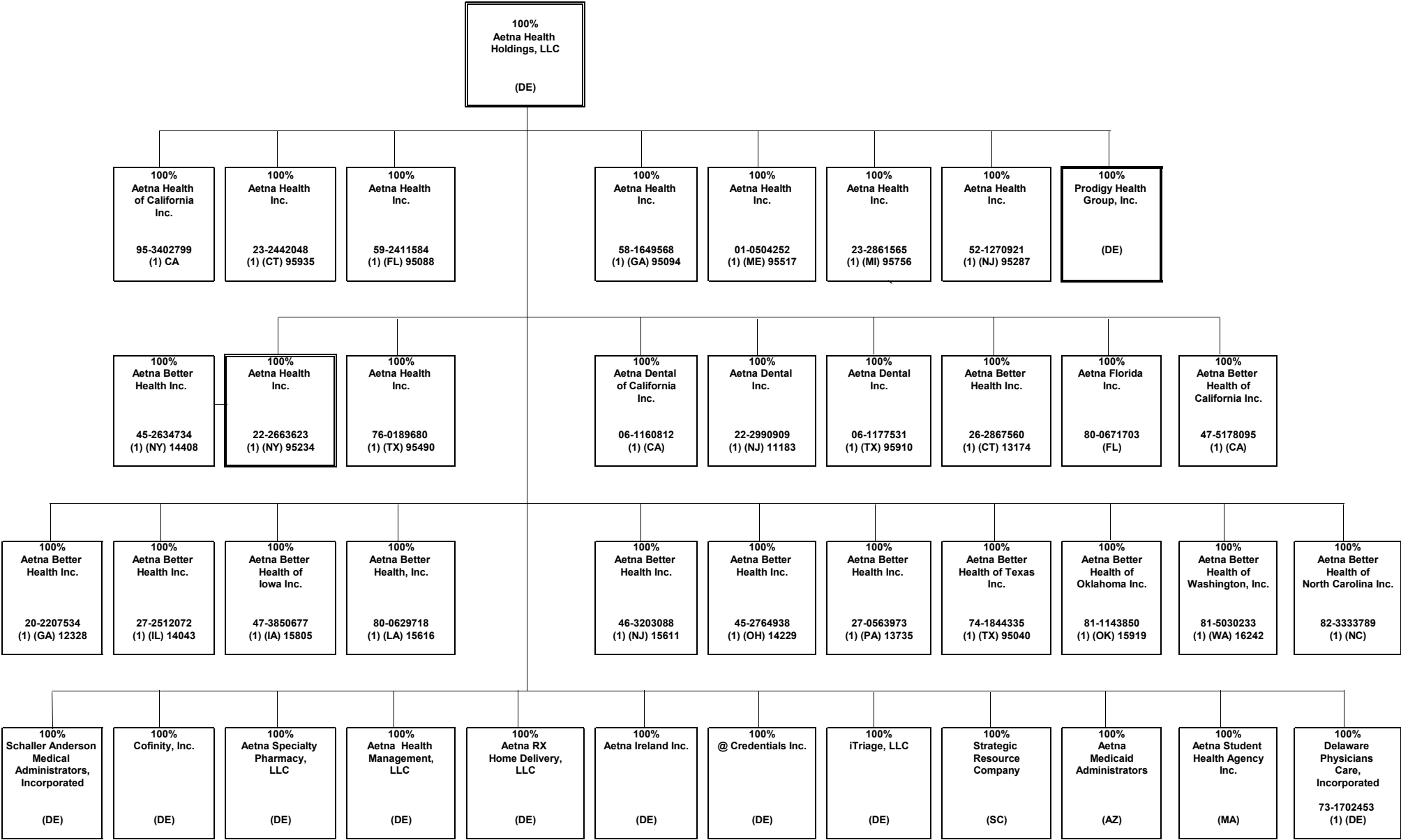
*****Bupa Health Insurance (Thailand) Public Company Limited is 46% owned by Minor Health Enterprise Co, Ltd.; 25% owned by Aetna Global Holdings Limited; and 28% owned by Health Care Management Co. Ltd. and total 1% owned by Aetna Global Benefits (Bermuda) Limited (1 Share); Mr. Sansanapongpherchar (1 Share); Mr. Jitphasong Itsaraphakded (1 Share); Mrs. Suphee Wattana (1 Share); and Mr. Buncha Tamphragom (1 Share)

*****Minor Health Enterprise Co, Ltd is 1 share owned by Aetna Global Benefits (Bermuda) Ltd

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

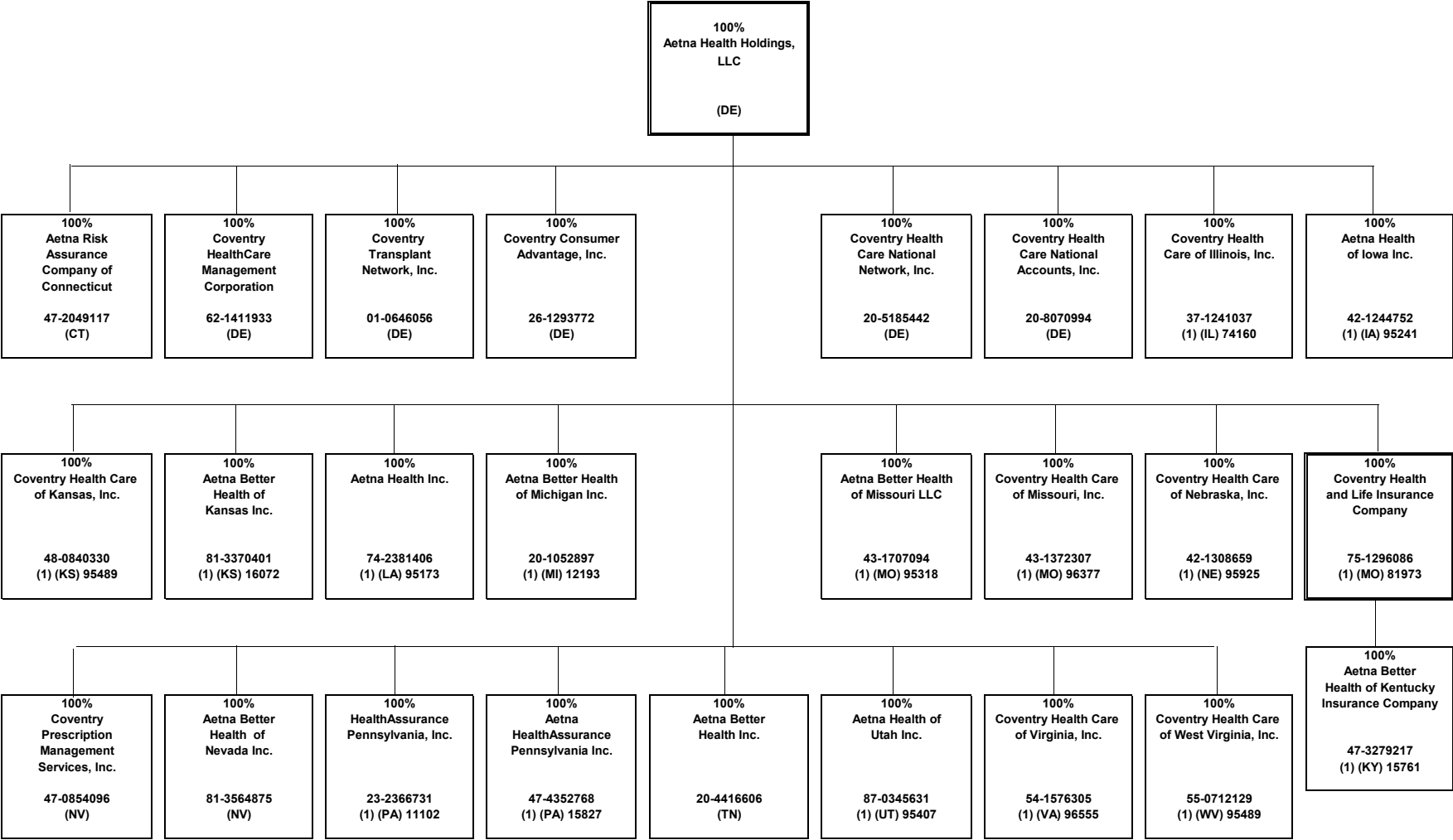
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

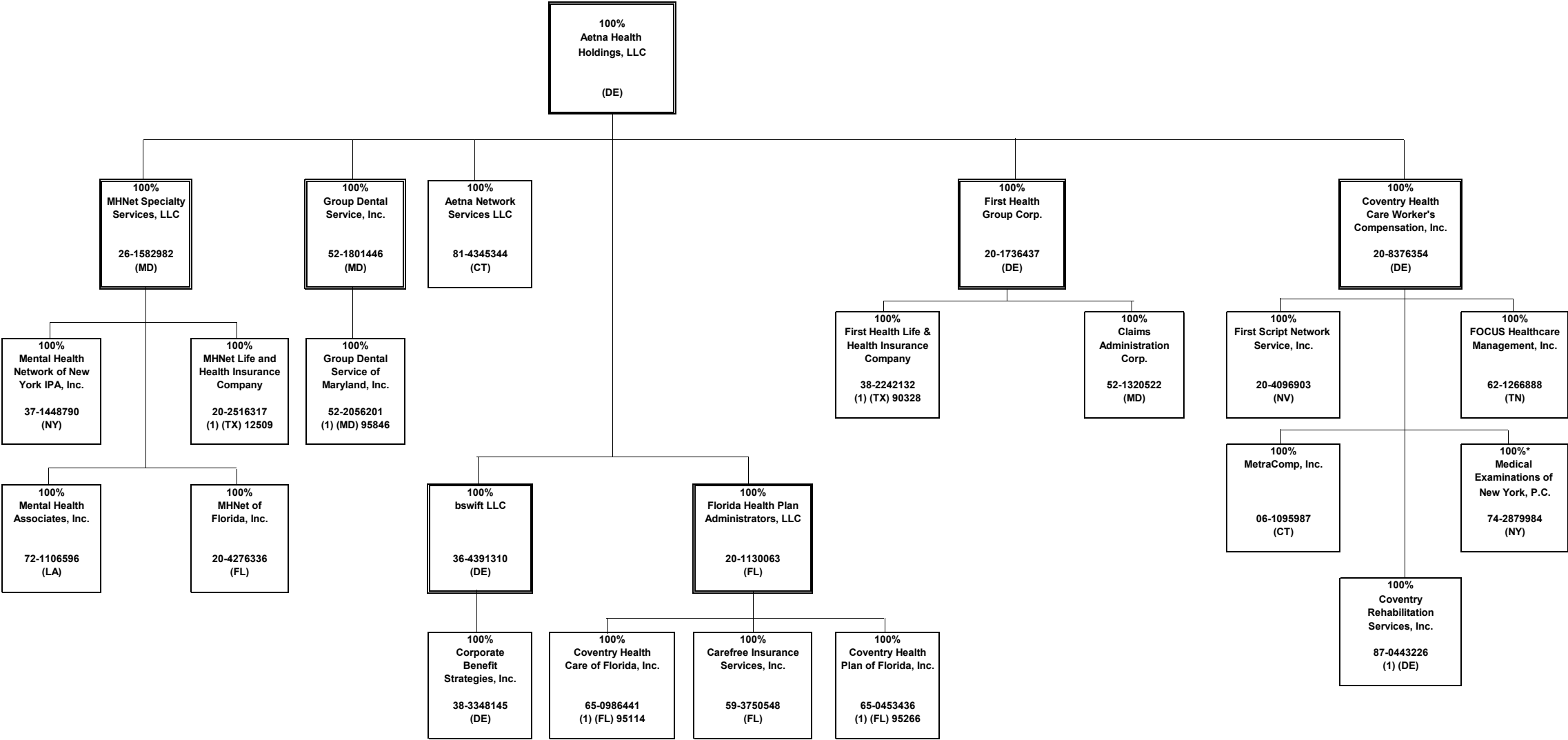
PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

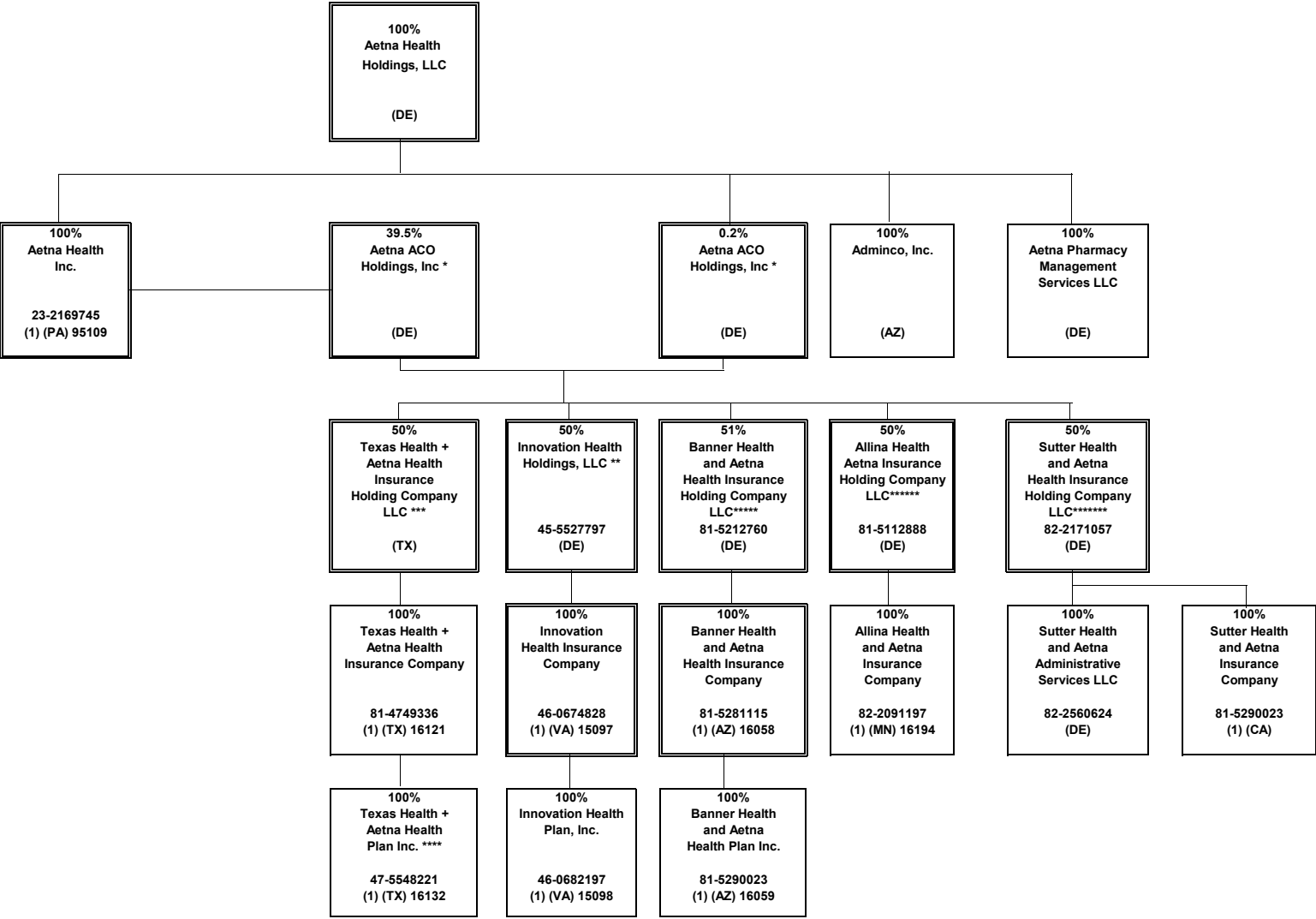


*100% owned through Aetna's nominees

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



* Aetna ACO Holdings Inc. is owned by Aetna Life Insurance Company (302 shares); Aetna Health Inc. (PA) (198 shares); and Aetna Health Holdings, LLC (1 share).

** Innovation Health Holdings, LLC is 50% owned by Aetna ACO Holdings Inc. and 50% owned by Inova Health System Foundation.

*** Texas Health + Aetna Health Insurance Holding Company LLC is 50% owned by Aetna ACO Holdings Inc. and 50% owned by Texas Health Resources.

**** Texas Health + Aetna Health Plan Inc. became a direct subsidiary of Texas Health + Aetna Health Insurance Company February 2017.

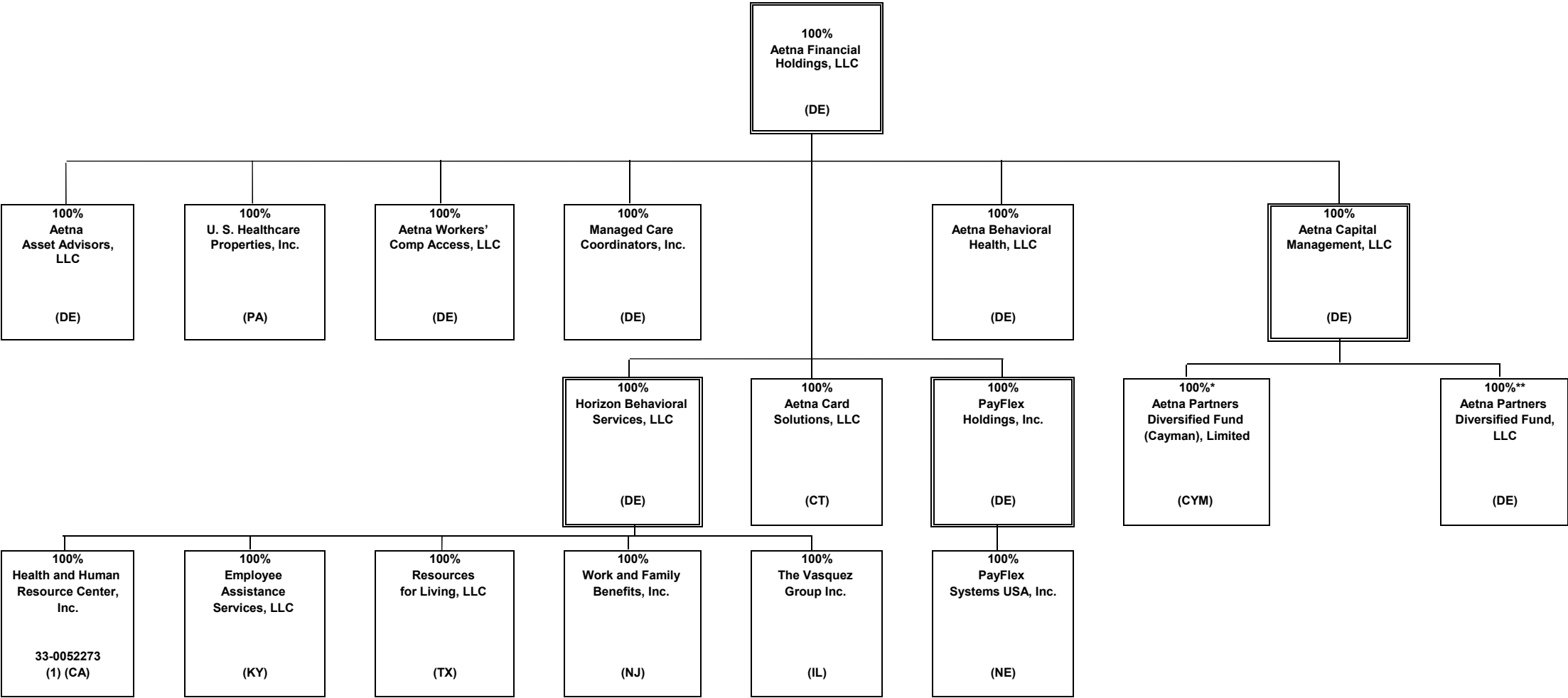
***** Banner Health and Aetna Health Insurance Holding Company LLC is 51% owned by Aetna ACO Holdings Inc. and 49% owned by Banner Health.

***** Allina Health and Aetna Insurance Holding Company LLC is 50% owned by Aetna ACO Holdings Inc. and 50% owned by Allina Health.

*****Sutter Health and Aetna Insurance Holding Company LLC is 50% owned by Aetna ACO Holdings Inc. and 50% owned by Sutter Health Plan Products Organization, LLC.

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PART 1 - ORGANIZATIONAL CHART

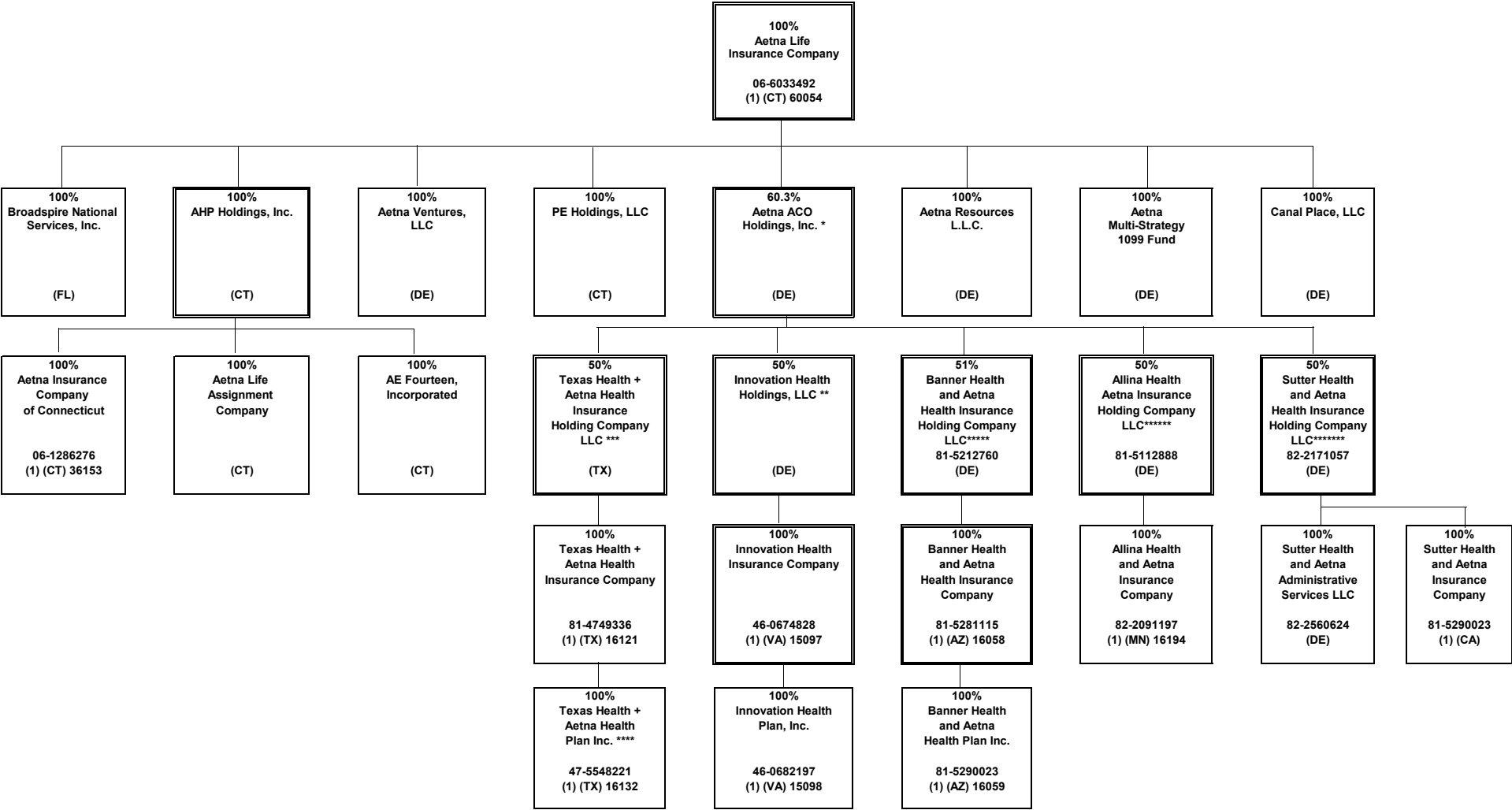


* Aetna Life Insurance Company owns the Class C participating shares of Aetna Partners Diversified Fund (Cayman), Limited.
** Aetna Life Insurance Company, Aetna Health and Life Insurance Company and Aetna Health Management , LLC own substantially all of the non-managing member interests of Aetna Partners Diversified Fund, LLC.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Aetna Health Inc. (a Maine corporation)

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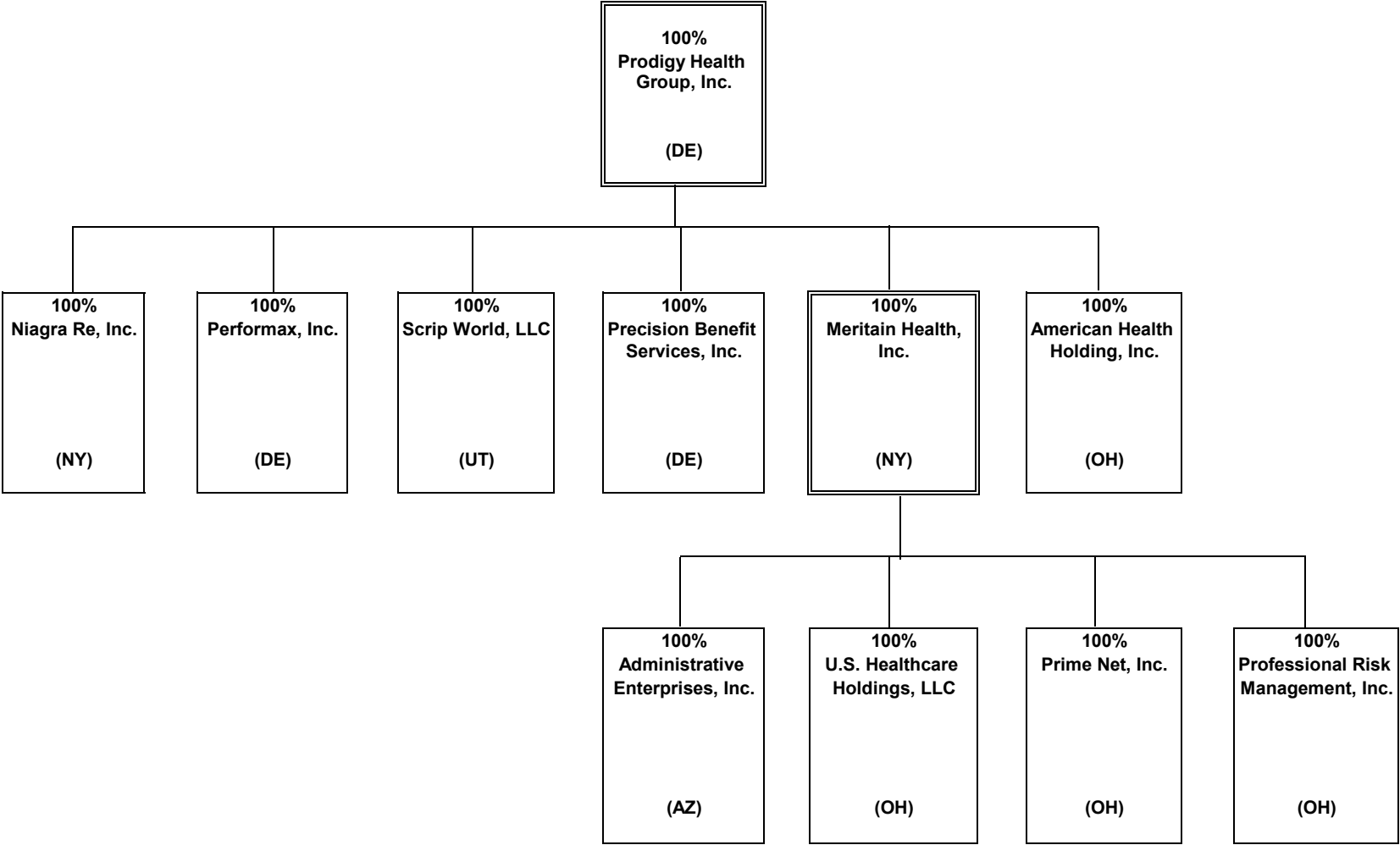
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Loss Adjustment Expense	0	0	(16,037)	0	(16,037)
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	(16,037)	0	(16,037)

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